

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. release	"Comparison of Gore and Bradley Health Proposals" (18 pages)	nd	Personal Misfile

### COLLECTION:

Clinton Presidential Records  
Domestic Policy Council  
Chris Jennings (Subject File)  
OA/Box Number: 23746 Box 14

### FOLDER TITLE:

Jeffords-Kennedy [Work Incentives Improvement Act] [1]

gf33

### RESTRICTION CODES

#### Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

#### Freedom of Information Act - [5 U.S.C. 552(b)]

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

There are 14 in all.

PRESIDENTIAL QUOTES ON THE WORK INCENTIVES IMPROVEMENT ACT

JULY 29, 1998

DROP-BY AT MEETING OF TASK FORCE ON PEOPLE WITH DISABILITIES

No transcript available.

At this meeting, the President announced his strong commitment to work with Senators Jeffords and Kennedy and other Members of Congress to pass affordable, feasible legislation that helps people with disabilities maintain their health care coverage and return to work. The President also directed the Administration to utilize all of its policy and budgetary expertise at HHS, the Office of Management and Budget, and the White House to work towards the passage of affordable legislation before the Congress adjourned that year.

DECEMBER 18, 1998

HIV/AIDS ADVISORY COUNCIL MEETING

"I just started an initiative to try to have people who have disabilities, including some people with HIV and AIDS when they get better – if you have disabilities and you go back to work, it used to be you automatically lose your Medicaid... So we're trying to modify the rules so that when people are on disability, then they get off of it and they go back into the work force, they can keep their Medicaid for some period of time."

JANUARY 13, 1999

UNVEILING OF DISABILITY INITIATIVE

"First, you've heard about the landmark legislation by Senators Jeffords, Kennedy, Roth, and Moynihan, to assist millions of Americans with disabilities who want to work. Today I am pleased to announce that the balanced budget I will present to Congress fully funds this vitally important initiative. Americans should never have to choose between the dignity of work and the health care they need."

JANUARY 19, 1999

STATE OF THE UNION ADDRESS

"And, therefore, I especially ask you tonight to join hands to pass the landmark bipartisan legislation – proposed by Senators Kennedy and Jeffords, Roth and Moynihan – to allow people with disabilities to keep their health insurance when they go to work."

FEBRUARY 18, 1999

REMARKS AT ROUNDTABLE DISCUSSION ON LONG-TERM CARE

"We worked hard to pass the welfare reform law that said if you're able-bodied and there's a job, you've got to work if you can. When you have people knocking down the doors to work who could get jobs, for us to deny them the right because of some barrier in Federal law I think is unconscionable. And I hope and believe the [Work Incentives Improvement Act] will pass this year."

MAY 19, 1999

STATEMENT BY THE PRESIDENT

“I commend the House Commerce Committee for its overwhelming bipartisan support for the Work Incentive Improvement Act today. By unanimously endorsing this legislation, this committee has taken an important step towards removing significant barriers to work for one of our nation’s most significant untapped resources – millions of people with disabilities...I urge Speaker Hastert and Majority Leader Lott to move promptly to schedule votes on this important and long overdue legislation.”

JUNE 4, 1999

DISABILITY EMPLOYMENT AWARDS CEREMONY

“Today, as a country, it is time to say that no American should have to choose between going to work and paying the medical bills. Last summer, and in the State of the Union, I asked Congress to free our fellow Americans from this unfair burden. The Work Incentives Improvement Act... will do just that.”

JUNE 15, 1999

REMARKS ON THE WORK INCENTIVES IMPROVEMENT ACT

“But with all the requirement of the Americans with Disabilities Act, you will never get the tens of thousands of people who could come into the work force – maybe hundreds of thousands that aren’t there – without this bill. This is a profoundly important piece of legislation.”

JULY 26, 1999

STATEMENT BY THE PRESIDENT ON THE ANNIVERSARY OF THE ADA

“It is now time for Congress to act. In my State of the Union, I challenged the Congress to pass the bipartisan Work Incentives Improvement Act...It was my hope that I could have signed this legislation into law today, but the House has not yet acted on it. I remain committed to enacting this legislation in this Congress.”

SEPTEMBER 8, 1999

REMARKS ON HEALTH CARE PRIORITIES

“Now, we have worked hard to end the disincentives that for too long kept people on welfare out of the work force. These disincentives are even more severe for people with disabilities with serious health care problems. I met a man in New Hampshire a few months ago who, if he had had to pay his own health bills, would have had bills of \$40,000 a year, and he desperately wanted to take a \$28,000 job. Now, we're out the \$40,000 anyway. Forget about the human impact on his life and his community and his family. Wouldn't you rather have the man making \$28,000 and giving some of it back in taxes as a productive citizen, having him out there as a role model, having people see what people can do if given the chance to live up to their God-given abilities? This is foolish. It is time to schedule a vote on the Work Incentives Improvement Act in the House of Representatives.”

SEPTEMBER 30, 1999

PROCLAMATION ON NATIONAL DISABILITY EMPLOYMENT AWARENESS MONTH

“One of the greatest barriers to employment for people with disabilities is that, under current law, they often become ineligible for Medicaid or Medicare if they work. That is why I have challenged the Congress to pass the bipartisan Work Incentives Improvement Act. No American should ever be forced to choose between health care coverage and employment, and this legislation will help ensure that no one has to make that choice.”

OCTOBER 16, 1999

RADIO ADDRESS

One of the biggest barriers facing people with disabilities is the fear of losing their health insurance when they get a job. There's a common-sense, bipartisan bill to change that. It's called the Work Incentives Improvement Act...Simply put, it would make sure that people with disabilities don't lose their health care when they gain a job. So I say to Congress, don't water the bill down, guarantee its financing, and go ahead and send it to me so we can sign it without delay.”

NOVEMBER 13, 1999

RADIO ADDRESS

“With all this progress, our budget work isn't complete yet. And I'm committed to working with Congress to reach agreement before they recess this year on the issues that are still outstanding – from passing meaningful hate crimes legislation to providing relief for families suffering under the impact of Hurricane Floyd, to paying our U.N. dues, to passing the Work Incentives Improvement Act so that people with disabilities can gain a job without losing their health care.”

NOVEMBER 20, 1999

RADIO ADDRESS

“I'm very proud this week that Congress, on a bipartisan basis, finally agreed on the historic Work Incentives Improvement Act. It's bipartisan legislation to allow people with disabilities to keep their health care on the job. They can earn a salary, pay taxes and be role models by proving what people can do if given a chance to live up to their God-given potential.”

# Withdrawal/Redaction Marker

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For a complete list of items withdrawn from this folder, see the  
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December 17, 1999

## Clinton Signs Disabled Workers Law

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Filed at 11:06 a.m. EST

By The Associated Press

WASHINGTON (AP) -- Saying work is "at the heart of the American dream," President Clinton today signed into law a bill that allows millions of disabled Americans to keep their government-funded health coverage when they take a job.

Clinton signed the bill in the shadow of the Franklin Delano Roosevelt Memorial, a tribute to a president who himself struggled with a disability. The memorial has a statue of Roosevelt in a wheelchair that is mostly hidden by a cloak.

"In his time, Roosevelt felt he needed to keep his wheelchair from public view," Clinton said. "Most people believed being disabled meant being unable. He proved them wrong every day. Today, in the spirit of his leadership, we move further along on our nation's marvelous journey of equal opportunity for all."

Charles Riley, editor-in-chief of We, a bimonthly national magazine for people with disabilities, said the new law would give disabled Americans a benefit that has little to do with economics.

"What's the first thing you're asked at dinner party: What do you do?" Riley said. "Imagine what a tremendous lift it's going to give to 54 million Americans to say, 'I just got home from work.'"

House Speaker Dennis Hastert, R-Ill., said the new law means a greater number of disabled Americans will become taxpayers and make even more meaningful contributions to society than they can now.

"Its benefits are obvious and long overdue," Hastert said. "It's time our government made it easier, not harder, for the disabled to find work."

Sen. William Roth, R-Del., who chairs the Senate Finance

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Committee, called the new law a "gift of independence" for disabled people this holiday season. "We will all benefit from the unleashed creativity and enthusiasm of talented individuals joining the work force," Roth said.

Fear of losing Medicare and Medicaid benefits is one of the major barriers keeping disabled people from seeking employment. Clinton said that put disabled people in "a different kind of double bind" because the only way they could get the health benefits was if they had a severe condition -- which meant they couldn't give up the coverage to go to work.

"This defies common sense and economic logic," Clinton said. "This is about more than jobs and paychecks. It is fundamentally about the dignity of each human being, ... about recognizing that work is at the heart of the American dream."

The law provides \$150 million in grants to encourage states to allow disabled workers to buy into Medicaid, the state-federal health program for the poor. It also creates a \$250 million Medicaid buy-in demonstration for people who are not so severely disabled that they can't work. It extends, for 4 1/2 years, Medicare coverage for those in the disability insurance system who return to work.

Disability beneficiaries with a "ticket" that can be used to purchase services to enter the work force, with the option of choosing between government and privately run rehabilitation programs.

James Sullivan, 38, of Hudson, N.H., who was paralyzed in a diving accident 20 years ago, said he is eager to go to work in the telecommunications industry. A quadriplegic with limited use of his arms, Sullivan said he would willingly give up his disability check if he could keep federally funded coverage for the attendant services he needs.

"This system, which basically makes people stay at home and punishes them when they work, is a crazy one," Sullivan said. "There is an untapped population of Americans with disabilities who are dying to get back to work."

Fewer than 1 percent of people who enter government disability rolls ever leave. Under the new law, many of the estimated 9 million disabled adults will be able to join the work force.

It also increases to 550,000 the number of disabled people who will receive rehabilitation and training services over the next 10 years.

Sen. Edward Kennedy, D-Mass., a sponsor of the bill, said disabled people will no longer "be consigned to the shadows of American life."

"Now, when we say equal opportunity for all, it will be clear that we mean all," Kennedy said.

His co-sponsor, Sen. James Jeffords, R-Vt., also cited Roosevelt's legacy, saying "what President Roosevelt felt obliged to keep private can now be celebrated in public."

**THE WHITE HOUSE**  
**Office of the Press Secretary**

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For Immediate Release

December 17, 1999

REMARKS BY THE PRESIDENT  
AT SIGNING CEREMONY FOR HUMAN RIGHTS 1180  
WORK INCENTIVES IMPROVEMENT ACT OF 1999

Franklin Delano Roosevelt Memorial  
Washington, D.C.

9:55 A.M. EST

THE PRESIDENT: Thank you. Senator Kennedy, Senator Jeffords, we thank you for your leadership and your remarks today. And, Senator Roth, we thank you very much. We know this couldn't have happened without you. And, Senator Moynihan, Representative Lazio, thank you, sir. And, Representative Waxman and Representative Brown who are here, and Representative Dingell who is not here -- I want to thank all of you for your leadership in the House. Give them all a hand. (Applause.)

I also want to thank the members of the administration who were particularly active in supporting this bill -- Secretary Herman, the co-chair of my task force on the employment of adults with disabilities -- (applause) -- Secretary Shalala, Secretary Summers, Social Security Commissioner Apfel -- (applause.) I'd like to thank, in the White House, my Chief of Staff John Podesta, Chris Jennings, and Jeanne Lambrew, who had a lot to do with this bill, as all of you know. (Applause.)

I want to thank Senator Dole, especially, and through him all the citizens who came forward and made it possible for this to be a genuinely American bill. I want to welcome the members of the Roosevelt family who are here today, particularly Jim and Ann Roosevelt, my longtime friends. And now Jim is a member of this administration, something I'm very proud of.

I want to thank you, Justin Dart, and the members of the disability community who are here, for this and every other issue that we've worked on for over seven years now. (Applause.) And I want to acknowledge -- James Sullivan really spoke for three others who are here -- Donna McNarnee, Paul Marshall, and Wesley Vinner. I thank them for being up here, because every one of them represents a different, slightly different story of someone who will benefit from this bill. And I thank them for sharing their stories with us. (Applause.)

I think it's kind of interesting, don't you, that Mr. Sullivan, from New Hampshire and Senator Jeffords, from Vermont, are the only two people up here without coats on? (Laughter.) This is a warm December day in New England. (Laughter.)

Senator Jeffords, you made that remark that President Roosevelt never carried Vermont. You know, my family communes with the Roosevelts on a regular basis -- (laughter) -- you may remember that. And Eleanor told Hillary last night you're forgiven, all is forgiven now. (Laughter.) This wipes the slate clean, this bill does. (Laughter.)

John Sweeney, we thank you for being here. And we thank the labor community for their support of this legislation, as well. (Applause.)

I think it is wonderfully fitting that this is the last piece of legislation a President of the United States will sign in the entire 20th century. (Applause.) We do it at this magnificent memorial, the Franklin Roosevelt, who from his wheelchair lifted our nation out of depression and led the free world to victory in World War II; who laid the building blocks for world peace and security that we enjoy today, and accomplished it all as an American with a disability.

In his time, as we all know -- and we've had a lot of debates about that in this memorial context -- Roosevelt felt he needed to keep his wheelchair from public view. Most people believed being disabled meant being unable, though he proved them wrong every day. Today, in the spirit of his leadership and the wake of his accomplishments, we move further along on our nation's marvelous journey of equal opportunity for all. (Applause.)

This is a good time for our country. We're ending the century on a high note, with 20 million new jobs since 1993; the lowest unemployment rate in 30 years; the lowest welfare rolls in 32 years; the lowest poverty rate in 20 years; in February, the longest economic expansion in our entire history. But in spite of this good economic news, we know that three out of four people with significant disabilities are not working. They're ready to work, they're willing to work, and they are very able to work. But as we have heard, they face the daunting barrier of losing their Medicare or Medicaid coverage if they get a job.

For many Americans with disabilities, medical bills, as you just heard from our previous speaker, may cost thousands more than what is typically covered by an employer's private health insurance. For some, including some on this stage, those medical bills, because of the attendant care services, may add up to more than any reasonable salary a person with disabilities could ever hope to earn.

And, yet, quite beyond the human cost of denying people the dignity of work, this defies common sense and economic logic. It doesn't make sense for people to be denied the dignity of work and for the taxpayers to pay the bills, whether they're working or not, and, therefore, losing the benefit of the productivity, the contributions to our economy and society and, as you just heard, the tax receipt of working Americans.

Secretary Summers is here. You wouldn't believe how much time we spend arguing over how much longer this economic expansion can go on. How can we keep it going without inflation? How many expansions in the past have been broken because inflation finally burst through and had to be taken down and that led to a recession?

Well, one way we can keep this economic expansion going is to take it to people and places who aren't part of it. That's what our New Markets Initiative to poor areas of America is all about. And make no mistake about it, that will be one big objective of this bill. This is an inflation-free way to keep America's economy growing. You are helping every single American -- not just Americans with disabilities -- every single American will be helped by this legislation today. (Applause.)

But, of course, even more compelling than the economic argument is the human one. Today, we say with a simple, but clear voice, no one should have to choose between taking a job and having health care. (Applause.)

This legislation reorients our policy by saying health care ought to be a tool to getting a job, earning a salary, paying taxes, and living up to one's God-given potential. You don't have to worry about losing Medicare or Medicaid anymore.

This landmark measure will also make a real difference to people who are facing the early

onset of diseases like AIDS, muscular dystrophy, Parkinson's or diabetes. Right now, they may be able to work, but their work conditions are not deemed severe enough to qualify for Medicare. In other words, they may only become eligible for health care when they're no longer able to work. Now, the problem is they're uninsurable because of the conditions they have, even though they're not disabled. So they're also in a different kind of double-bind.

With this bill -- thanks again to bipartisan support in Congress, and to the fact that the Senate Finance Committee and the House Ways and Means Committee found a way to fund it -- we are going to have a \$250 million demonstration program that will allow these Americans to buy into the Medicare program, so they can stay on the job and don't have to give it up to get health care when they're perfectly capable of working. This is also a very important feature of this bill. (Applause.)

And finally, both Senator Kennedy and Senator Jeffords mentioned the Ticket to Work legislation that's a part of this bill. This creates long-overdue reforms of the job-training program, so people with disabilities can make their own choices about vocational rehabilitation services, the ones that are best for them. (Applause.)

Taken together, clearly, this is the most significant advancement for people with disabilities since the Americans with Disabilities Act almost a decade ago. It continues our administration's efforts to replace barriers to opportunity with policies based on inclusion, empowerment and independence.

That's why we reformed welfare, to reward the dignity of work; why we doubled the Earned Income Tax Credit for low-income working people, particularly those with children; raised the minimum wage; enacted the Family and Medical Leave law. This bill takes us another huge step in the right direction of both liberating and rewarding the creative energies of all Americans. (Applause.)

But our task isn't done. I often think it's ironic that when we have these bill signings the Presidents get to make the speeches and sign the bills, but the members of Congress must be sitting out there thinking they did all the work. (Laughter.) And, in truth, they did the lion's share, and I was proud to support them.

But now it's our turn. We have to make it work in the lives of real people. I have instructed Secretary Shalala, Secretary Herman and Commissioner Apfel to take immediate action to implement this legislation, to team up with the states, advocates, businesses and others who are crucial to make this bill work. (Applause.)

Now, all of you here who had a hand in this know that the way it's set up, states have a vital role to play. We want to take every opportunity to help every single state in America take maximum advantage of the new options provided under this legislation. We want to encourage employees to reach out and tap the talented pool of potential workers that are now available. We want to work with all of you to ensure that we effectively get the word out to people who have disabilities so they actually know about the benefit of this legislation.

This is about more than jobs or paychecks -- I'll say it again -- it's about more than keeping our recovery going. It's fundamentally about the dignity of each human being; about the realization of a quality of opportunity; about recognizing that work is at the heart of the American Dream.

In the end, the counsel of Franklin Roosevelt that's etched in the walls of this memorial guides us still. He said, "No country, however rich, can afford the waste of its human resources." That is ever more true as we cross the threshold into the new millennium.

I think Mr. Roosevelt would be proud of all of you today. I think we have honored his life

and his legacy. In the new century, America will realize even more of it's promise because we have unleashed the promise of more Americans.

Congratulations, and God bless you all. (Applause.)

I'd like to ask the members of Congress and the administration to come up for the bill signing now.

(The bill is signed.)

END 10:07 A.M. EST



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## **PRESIDENT CLINTON SIGNS LANDMARK LEGISLATION TO BOOST THE EMPLOYMENT OF INDIVIDUALS WITH DISABILITIES**

**December 17, 1999**

Today, in a ceremony at the Franklin Delano Roosevelt Memorial, President Clinton will sign into law the Ticket to Work and Work Incentives Improvement Act of 1999. This landmark legislation will make it possible for millions of Americans with disabilities to join the workforce without fear of losing their Medicaid and Medicare coverage. It will also modernize the employment services system for people with disabilities. The enactment of this legislation is a major achievement for President Clinton, who championed the proposal in last year's budget. The President today will praise the strong bipartisan efforts of Senators Jeffords, Kennedy, Roth and Moynihan, as well as Congressmen Lazio, Waxman, Bliley and Dingell, in passing this historic legislation. Finally, he will direct his Cabinet to move swiftly to implement the Act.

**MILLIONS OF AMERICANS WITH DISABILITIES FACE BARRIERS TO EMPLOYMENT.** Since President Clinton and Vice President Gore took office, the American economy has added over 20 million new jobs. Unemployment is at a 29-year low of 4.1 percent. But the unemployment rate among working-age adults with severe disabilities is nearly 75 percent. While people with disabilities bring tremendous energy and talent to the American workforce, outdated institutional barriers often limit their opportunities to work. Under current law, people with disabilities often become ineligible for Medicaid or Medicare if they work, putting them in the untenable position of choosing between health care coverage and work.

**THIS NEW LAW HELPS BRING DOWN THOSE BARRIERS, AND PRESIDENT CLINTON PLEDGES SWIFT IMPLEMENTATION.** As the President will describe today, the Ticket to Work and Work Incentives Improvement Act of 1999 will break down these barriers and help the nation tap the full talents of the millions of Americans who are disabled. The President today will:

- **Highlight the important provisions of the Work Incentives Improvement Act.** This landmark new legislation creates two new options for states to offer the Medicaid buy-in for workers with disabilities and provides \$150 million in grants to encourage states to take this option; creates a new \$250 million Medicaid buy-in demonstration to help people whose disability is not yet so severe that they cannot work; extends Medicare coverage for an additional 4-and-a-half years for people in the disability insurance system who return to work; and enhances employment-related services for individuals with disabilities through the new "Ticket to Work" Program.
- **Direct his Cabinet to move swiftly to implement this legislation.** Today, President Clinton will instruct Secretary Herman, Secretary Shalala, Secretary Riley, and SSA Administrator Kenneth Apfel to work with states, providers, advocates and employers nationwide to implement this important legislation rapidly. He will call for effective collaboration to ensure that the Medicaid and Medicare programs work closely with agencies overseeing worker retraining and rehabilitation services.

- **Encourage states to take advantage of the new health care coverage options under this legislation.** The President will challenge states to take advantage of these new options to offer Medicaid to individuals who are not eligible under existing options, including people with disabilities who take advantage of the options provided under the new law. He also will encourage states to apply for the new \$250 million demonstration program that tests whether early medical intervention, made possible through an affordable Medicaid benefit, will enable people with early symptoms of HIV, muscular dystrophy, Parkinson's Disease, or diabetes to stay healthier and keep working.
- **Commend the work of the Presidential Task Force on Employment of Adults with Disabilities.** The first report of the Presidential Task Force on Employment of Adults laid the foundation for the Work Incentives Improvement Act legislation. At the ceremony, the President will thank the Task Force for all its work on this issue over the past two years and accept the Task Force's second report, which will be transmitted to him today.

**THE CLINTON-GORE ADMINISTRATION'S LONGSTANDING COMMITMENT TO INCREASE OPPORTUNITY FOR PEOPLE WITH DISABILITIES.** President Clinton and Vice President Gore have a longstanding commitment to opening the doors of the workplace to more people with disabilities. The Administration has taken a number of actions, including: creating the Task Force two years ago to coordinate national policy efforts to increase employment of people with disabilities; including in last year's budget a historic \$2 billion initiative to provide a \$1,000 tax credit for work-related expenses for people with disabilities, to invest in technology to help more people with disabilities work, and to fully fund the Work Incentives Improvement Act; putting in place new regulations in February to make work pay for people with disabilities receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI), by allowing them to earn more and still receive critical cash and medical benefits; directing the federal government – the nation's largest employer – to take new steps to hire more people with disabilities; issuing an executive order in June expanding hiring opportunities for people with psychiatric disabilities; and directing all federal agencies to increase employment of individuals with disabilities.

## STATEMENT BY THE PRESIDENT

Today, I am pleased to sign into law H.R. 1180, the "Ticket to Work and Work Incentives Improvement Act of 1999." This landmark legislation will remove barriers that have placed many individuals with disabilities in the untenable position of choosing between health care coverage and work. It also improves and expands vocational rehabilitation and employment service options for this talented, but as yet not fully tapped, work force.

This new law represents one of the most important legislative advances for people with disabilities since the enactment of the Americans with Disabilities Act. I have urged its passage for two years and was proud to include full funding for it in my FY 2000 Budget. The enactment of this law well illustrates what we can accomplish when we work together on a bipartisan basis to expand employment opportunities and affordable health care options.

H.R. 1180 will ensure that individuals with disabilities have a greater opportunity to participate in the workforce and in the American Dream. It offers new ways for the Federal Government to partner with the States and the private sector to help people with disabilities to work and to keep their health care coverage. Most significantly, the bill:

- Expands States' ability to provide a Medicaid "buy-in" to individuals with disabilities who return to work.
- Creates a new Medicaid demonstration to assess the effectiveness of providing Medicaid coverage to people whose condition has not yet deteriorated enough to prevent work, but who need health care to prevent or forestall that level of deterioration. This provision will allow States to help those individuals with diseases such as muscular dystrophy, Parkinson's Disease, diabetes, and HIV.

- Lengthens from four years to eight and one-half years the period for which Social Security disability beneficiaries who return to work can continue to receive reduced-cost Medicare coverage.
- Provides grants to States to design and administer infrastructures to provide services that support working individuals with disabilities.
- Provides Social Security disability beneficiaries a choice of providers for employment-related services.
- Authorizes the Social Security Administration to test new and innovative ways to enable individuals with disabilities to return to work and make economic independence a reality.
- Enables individuals with disabilities to reestablish eligibility for Social Security disability benefits on an expedited basis if their attempts to return to work prove to be unsuccessful. These individuals will be able to request reinstatement of benefits without having to file a new disability benefits application -- thereby reducing the risk of returning to work.

These provisions give people who want to work a chance to do so by ensuring access to health care insurance and modernizing the employment services system for people with disabilities. Together, these provisions affirm the basic principle manifested in the Americans with Disabilities Act: that all Americans should have the same opportunity to be productive citizens.

H.R. 1180 also contains several provisions to extend expiring tax laws. These provisions continue incentives for the advancement of several national priorities and reaffirm our commitment to help American families and businesses. Most importantly, the bill extends the research and experimentation tax credit for five years, encouraging companies to undertake new multi-year research activities. This crucial tax credit will help innovative American companies build on this Administration's impressive economic achievements and will lead to new products and technologies to improve people's lives. In addition, H.R. 1180 extends for three years the provision that allows America's middle-income taxpayers full use of important personal tax credits -- such as the child credit, the Hope Scholarship and Lifetime Learning credits, and the child and dependent care credits -- without limitation by the alternative minimum tax. This also will allow tens of millions more taxpayers to forgo performing complex calculations.

H.R. 1180 extends a provision that will help improve school facilities in low-income communities by providing no-interest loans to school districts in needy areas for rehabilitation and repairs, educational equipment, curriculum development, and teacher training.

The bill will provide more economic opportunity to Puerto Rico by extending application of the research and experimentation tax credit to such activity undertaken in Puerto Rico, as I proposed. In response to another of my proposals, the bill also will provide a greater transfer of excise tax revenue on rum not made in the States to Puerto Rico and the Virgin Islands for two and one-half years to provide aid that the islands urgently need.

Furthermore, H.R. 1180 extends through 2001 critical tax provisions to:

- Encourage employers to pay for their workers' continuing education.
- Help disadvantaged people, including welfare recipients, find jobs.

- Encourage businesses to clean up polluted "brownfields".
- Stimulate low- and no-emission production of power.
- Assist first-time home buyers in purchasing a home in the District of Columbia.

It is unfortunate, however, that the revenue losses resulting from these provisions were not fully offset.

I am pleased that H.R. 1180 will do much to improve the lives of people with disabilities and will extend important tax provisions. I am deeply disappointed, however, that the bill includes a provision for a special allowance adjustment for student loans. This provision will expose the Federal Government, rather than lenders, to substantial financial risk due to the difference between Treasury and commercial paper borrowing rates, and will provide unnecessary and costly new benefits to the student loan industry with no benefit whatsoever to students.

This Administration has a deep and long-standing commitment to promote and increase the independence of individuals with disabilities. I would like to thank each individual who has been involved in the challenging work of developing this landmark legislation. Special thanks should be given to the congressional leaders who have contributed so much to the passage of H.R. 1180, particularly Senators Jeffords, Kennedy, Roth, and Moynihan, as well as Representatives Dingell, Archer, Rangel, Stark, Waxman, Thomas, Matsui, Bliley, Shaw, Bilirakis, Nancy Johnson, Cardin, Sherrod Brown, and Lazio. I also want to acknowledge the efforts of Alexis Herman, Secretary of Labor; Kenneth S. Apfel, Commissioner of Social Security; and Donna Shalala, Secretary of Health and Human Services; as well as Tony Coelho and other members of my Task Force on Employment of Adults with Disabilities. These

individuals, as well as many others throughout the Administration, worked tirelessly to bring this legislation forward.

Many individuals with disabilities want to work and become independent, and many can work if they receive the critical support they need. For too long, the fear of losing health and cash benefits and the inability to obtain rehabilitation and employment services has prevented such individuals' work efforts. As a Nation, we are best served when all our citizens have the opportunity to contribute their talents, energy, and ideas to the workplace. I am pleased to sign into law today this important step to empower more Americans with disabilities to take their rightful places in our Nation's workforce.

Final 12/16/99 10:00 pm  
Sam Afridi

**PRESIDENT WILLIAM J. CLINTON  
BILL SIGNING CEREMONY  
WORK INCENTIVES IMPROVEMENT ACT  
WASHINGTON, DC  
December 17, 1999**

Acknowledgements: James Sullivan, thank you for sharing your story, showing us the practical, human impact of this legislation; Senators Kennedy, Jeffords, Roth; Rep. Lazio, Waxman, Brown, Doggett and all the other members of Congress who reached across party lines to pass this landmark bill; Members of the Administration; Secretary Herman—chair of my Task Force on the Employment of Adults with Disabilities. Today, I received the second annual report of the Task Force and look forward to reviewing its recommendations; Secretary Shalala; Secretary Summers, Commissioner Apfel; EEOC Chairwoman Ida Castro; Justin Dart; Senator Dole; Roosevelt family; the disability community; other leaders and representatives.

This is the last bill signing ceremony of the 20<sup>th</sup> century—and it's fitting that we're here, at a memorial dedicated to a leader who did so much to shape the course of this century. Franklin Roosevelt lifted our country out of the Great Depression. He led the free world to victory in World War II. He laid the building blocks for a better society. And, of course, he accomplished it all as an American with a disability.

In his time, President Roosevelt felt he needed to keep his wheelchair from public view because people generally believed that disabled meant "unable". How he proved them wrong. In recent years, our nation's disability policy and public awareness have been catching up with the example of FDR's leadership and the understanding that a disability should be no barrier to achievement. Today, we move further on our nation's ongoing journey of equal opportunity for all.

This is a good time for America. We're ending the century on a high note. We've created 20 million new jobs since 1993. We have the lowest unemployment in 30 years. The lowest poverty rate in 20 years. And at the end of February, we will have the longest economic expansion in history.

In spite of the good economic news, we know that three out of four people with significant disabilities are not working. They are ready to work. They are willing to work. They are able to work. But, as we have heard, they face the daunting barrier of losing their Medicare or Medicaid coverage if they get a job.

For many Americans with disabilities, medical bills may cost thousands more than what is typically covered by an employer's private health insurance. For some, those medical bills may add up to more than their entire salary.

This disincentive to work simply defies common sense. It doesn't make sense for people with disabilities—who are denied the dignity of work. It doesn't make sense for taxpayers—who will end up paying for the health care one way or the other. And it doesn't make sense for our economy. If we want continued growth with low inflation and low unemployment, we must draw from the untapped potential of all our people.

Today, we honor common values and common sense. Today, we declare simply and unequivocally: No American should have to choose between taking a job and keeping their health care.

This is a profoundly important piece of legislation. For decades, our national policy defined disability as an inability to work--and provided benefits like health care for not working. This legislation reorients our policy by saying health care ought to be a tool to getting a job, earning a salary, paying taxes, and living up to one's God-given potential. It says you don't have to worry about losing Medicare or Medicaid when you go back to work.

This landmark measure also will make a real difference for people who are facing the early onset of diseases like AIDS, muscular dystrophy, Parkinsons or diabetes. Right now, they may be able to work—but their conditions are not deemed severe enough to qualify for Medicaid. In other words, they may only become eligible for health care when they're no longer able to work. With this bill, we now have a \$250 million demonstration program that will allow these Americans to buy into the Medicaid program, stay on the job and stay healthier longer.

And finally, through the Ticket to Work provisions, this legislation creates long overdue reforms of the job training program so people with disabilities can make their own choices about vocational rehabilitation services that are best for them.

Taken together, this bill is the most significant advancement for people with disabilities since the Americans with Disabilities Act almost a decade ago. And it continues our Administration's efforts to replace barriers to opportunity with policies based on inclusion, empowerment and independence. That is why we reformed welfare to reward the dignity of work. We doubled the Earned Income Tax Credit. We raised the minimum wage. We enacted the Family and Medical Leave Act. The bill I am about to sign takes us one more step in the right direction.

But our task isn't done. We worked hard to put this law on the books. Now we have to make it work in the lives of real people.

That's why I have instructed Secretary Shalala, Secretary Herman and Commissioner Apfel to take immediate action to implement this legislation—and to team up with states, advocates, businesses, and others who are so critical to making this bill work.

States have a vital role to play—and we want to help every state take advantage of the new options provided under this legislation. We also want to encourage employers to reach out and tap this talented pool of potential workers.

And we want to work with all of you to ensure that we effectively get the word out so people with disabilities know about the benefits provided under this legislation.

This is about more than jobs or paychecks. It's about dignity, equality of opportunity and recognizing that work is at the heart of the American Dream.

In the end, the counsel of Franklin Roosevelt that's etched in the walls of this memorial guides us still. He said: "No country, however rich, can afford the waste of its human resources."

That's even more true as we enter the new millennium. In this new century, America will only realize its promise when we help all Americans realize their potential.

This bill starts us on our way.

Thank you and God bless you.

###

## REMARKS BY JAMES SULLIVAN

### INTRODUCTION

Thank you, Senator Jeffords.

Good morning, Mr. President, Senator Kennedy, and other distinguished guests.

It's a little cold this morning, but I don't think that folks here care much. We have been waiting for so long to see this bill signed – to watch as this Administration, together with the overwhelming support of bipartisan members of Congress, opens the door to employment for individuals with disabilities all over America.

Personally, I have been waiting for this legislation for a very long time.

### PERSONAL STORY

#### **Nature of injury**

- My life immediately before the accident
- How I have adapted to life following the accident – “same person in a new body”

#### **Community contributions**

- Still have a strong desire to work, but was unable to because of fear of losing health benefits
- What I want to give and have been giving to the community; my work on the school board

### WHY THIS LEGISLATION IS IMPORTANT

#### **Irrational current system**

- The current system presents barriers to entering the workforce for people with disabilities
- Thousands of people with disabilities who want to join the workforce and help pay into the system that helps finance their care, but cannot
- Irony of people trusting me to spend money but not wanting to let me earn money

#### **This legislation will end this system**

- This legislation will ensure critical health care services for individuals with disabilities returning to the workforce
- I would like to praise all the members of Congress and the disability community who worked on it for passing a piece of legislation that will make a difference in real people's lives

### CONCLUSION

Ladies and Gentlemen, it is an honor and a privilege to introduce a man who has done more than anyone else to protect the rights and further the causes of individuals with disabilities – the President of the United States, William Jefferson Clinton.

## DRAFT: REMARKS BY JAMES SULLIVAN

Thank you, Senator Jeffords.

Good morning, Mr. President and other distinguished guests.

It's a little cold this morning, but I don't think that folks here care much. We have been waiting for so long to see this bill signed – to watch as this Administration, together with the overwhelming support of bipartisan members of Congress, opens the door to employment for individuals with disabilities all over America.

Personally, I have been waiting for this legislation for a very long time.

When I was 17, I was basically an average kid. I rode motorcycles, snow skied, and was generally pretty active. I had a family that loved me, and a good group of friends. And I had an idea – albeit somewhat hazy – of what I was going to do with the rest of my life.

I come from a family of pilots – my dad, my sister, and my brother all fly for a living. I was going to be a aviation mechanic. I was going to make sure from the ground that they were safe in the sky.

I was really excited about my future, like most teenagers are. I felt like I could do anything as long as I worked hard enough.

My disability is linked to one of those random accidents – I was at the beach and I dove into a wave, hit it the wrong way, and broke my neck.

And my whole life changed.

I was the same person, with the same goals and desires – I was just in a new body. I still wanted to be independent. I still wanted to work for a living.

But in order to actually get out of bed in the morning and get ready to work, I needed a personal attendant's help. Because I wasn't working, I qualified for personal attendant services under Medicaid. And once I started to earn some money, I'd lose the Medicaid benefits. Even if I got a really good job, there's no way I would be able to earn enough to live on and pay for my attendant services out of pocket. I was stuck.

Even if I couldn't be paid for working without losing my benefits, there was still plenty of work to be done in my community. I volunteer as a tutor at the high school, was elected Chairman of the local school board for two years, and am a member of Governor Shaheen's State Rehabilitation Committee. Just because I'm not employed doesn't mean that I sit at home with my hands in my lap, and I have to say that I am very proud of the way that I've been able to give back to the community that I grew up in.

But this system – which basically pays people to stay at home and punishes them when they try to work – is a crazy one. It's not good for the economy, and it's not good for people with disabilities. There is an untapped population of Americans with disabilities who are dying to go to work, fully capable of working in hundreds of thousands of jobs – and until today, there was no way that we could.

But today, thanks to the leadership of this President, and to the efforts of members of Congress on both sides of the aisle, that will change.

Ladies and Gentlemen, it is my pleasure to introduce a man who has done more than anyone else to protect the rights and further the causes of individuals with disabilities – the President of the United States, William Jefferson Clinton.

## REAL PEOPLE STORIES FOR JEFFORDS-KENNEDY

### ATTENDING BILL SIGNING CEREMONY

#### **James Sullivan**

James is a C6 quadriplegic (partial use of his arms) who is in his mid thirties. Two days before he turned 18, he broke his back diving into a wave. James is from a family of pilots and had planned to work as a mechanic, but his disability prevents that. He is currently unemployed and insured under Medicaid. For a while, he was employed through a work incentives program run by the state of New Hampshire that allowed him to keep his Medicaid coverage, but when the company downsized and he lost his job, he could not re-qualify for the program. James has done a lot of volunteer work to keep busy, including serving as chairman of the school board, volunteering at the high school, and serving on the New Hampshire Rehabilitation Council. He is willing to give up his SSDI check if he could go back to work and keep his personal attendant services. If his state takes the Medicaid buy in option, Jeffords-Kennedy will allow him to do just that. He would like to get a job in the telecommunications industry.

PHONE:

P6/b(6)

He is comfortable giving his phone number directly to reporters.

HOMETOWN:

Hudson, NH

NOTES:

*James will introduce the President.*

#### **Nancy Becker Kennedy**

Nancy is a 48 year old quadriplegic woman who was injured in a diving accident her junior year of college. When she graduated from college and graduate school, she became a producer for PBS. Although she made a good salary at that job, she lived at the poverty level because she was forced to pay the cost associated with her attendant care out of pocket. Unfortunately, Nancy became extremely ill and was forced to leave that job. After she recovered, she could not find another job that would allow her to make enough money to cover the cost of her attendant services, and she went on Medicaid to cover these costs. She has worked intermittently as an actress over the years, and believes she may soon have another job opportunity. Nancy has stated that she will not turn this job down, even at the risk of losing her benefits, because she cannot stand living an unproductive life. Under Jeffords-Kennedy – if her state took the Medicaid buy-in option – she would be able to buy into the Medicaid program, retain her coverage and attendant services, and take advantage of her job offers.

PHONE:

P6/b(6)

She would prefer that her number not be given directly to reporters.

HOMETOWN:

Los Angeles, CA

NOTES:

She is a college friend of John Podesta's who testified in support of Jeffords-Kennedy for the Senate Finance Committee. She has appeared on 60 Minutes within the last year to discuss disability issues.

**Donna McNamee**

Donna is a 40 year old woman with brittle bone disease who has been unemployed for the past 20 years. She has a bachelors degree in financial management that she has never used because she would not be able to work without losing her health insurance coverage. She is covered under Medicare and needs Medicaid attendant services. Donna would like to return to work as soon as possible, and is very excited about the Medicaid buy-in option under Jeffords-Kennedy which will allow her to do so.

PHONE: Donna is staying at the Embassy Suites 202 857 3388 tomorrow and Friday. She would prefer to have her press calls taken through us.  
HOMETOWN: Cleveland, OH  
NOTES: Donna will be seated on the stage.

**Michael Knowlen**

Michael is a man in his forties who suffers from bipolar disorder. He is currently in school at SUNY Morrisville to learn about wood-products technology and furniture making. Michael is insured by Medicare and pays his prescription drug costs out of pocket. When he graduates in 2002, he wants to start his own furniture business, but because of his pre-existing conditions, Medicare and Medicaid are the only way he will be able to get health insurance. Under Jeffords-Kennedy, he will be able to retain his Medicare coverage for an extended period of time. In addition – if his state takes the Medicaid buy-in option – he will be able to buy into the Medicaid program and ensure coverage for his prescription drugs.

PHONE: P6/b(6)  
He would prefer that his phone number not be given directly to reporters.  
HOMETOWN: Oriskany Falls, NY  
NOTES: His speech is slightly slurred.

**David Robar**

David is a 34-year-old native of New Hampshire who sustained a spinal cord injury in 1990 which resulted in permanent quadriplegia. Before his accident, he was a world class ski jumper and a potential candidate for the 1988 Olympic Ski Team. At the time of his injury, he returned to school to study business at New England College. After his accident, Mr. Robar returned to school and obtained his B.A. in 1992. He has been on SS disability benefits since 1990, and now works part-time in communications for the Granite State Independent Living Center. Currently, the personal attendant benefits he receives through the Medicaid program are what makes it possible for him to work. If he were to work full time, he would make too much to be eligible for Medicaid and lose his personal attendant benefits. Mr. Robar estimates that if he were to have to pay for his personal attendant services out of pocket, it would cost him over \$40,000 a year, more than he would make working full time. He is frustrated because he feels that he is unable to really use the college education that he worked hard to get.

PHONE: daytime: 603 228 9680 / home: P6/b(6)  
He would prefer that his phone number not be given directly to reporters.  
HOMETOWN: New London, NH  
NOTES: David is staying at the Marriott (202 737 2200). He met the President at a forum in New Hampshire last winter.

**David Norcross**

David is a middle-aged man with multiple sclerosis and optic neuritis that forced him to stop working three years ago. He is insured through Medicare and pays his prescription drug costs out of pocket. Currently, he is getting skills training in preparation for going back to work, and would like to be able to begin work in graphic design when his training is completed. Under Jeffords-Kennedy, he will be able to retain his Medicare coverage for an extended period of time. In addition – if his state takes the Medicaid buy-in option – he will be able to buy into the Medicaid program and ensure coverage for his prescription drugs.

PHONE:

P6/b(6)

He would prefer that his phone number not be given directly to reporters.

HOMETOWN:

Mount Vernon, VA

**Paul Marshall**

Paul, 42, became partially quadraplegic after being shot in the neck during an attempted robbery. Through a rehabilitation program Paul took computer training, and has been working part-time for 9 years. He believes that working gives him a better sense of self-esteem, and wishes that he could work more. However, just by working part-time he has lost his Medicaid benefits, and if he worked full-time he would lose the Medicare and personal attendant benefits he currently receives. Paul's son was also paralyzed during an accidental shooting incident. Paul is currently employed at Disabled Sports USA in Rockville, MD.

PHONE:

P6/b(6)

HOMETOWN:

Wheaton, MD (originally from Washington, DC)

NOTES:

*Paul will be seated on stage.*

## PEOPLE WHO WILL NOT BE ATTENDING THE CEREMONY

### **Dan Vachon**

Dan is a middle aged quadriplegic, who became disabled when he was younger because of polio. He graduated from UNH in 1992 and has an AA in business management and a BA in social work. He is insured through Medicare and uses Medicaid for his personal attendant services. Dan currently works part-time at the Institute on Disability as a web master and list master. He gets paid for 9 hours, but volunteers more time than that, and would like to be able to work more and get paid for more hours. Under Jeffords-Kennedy – if his state took the Medicaid buy-in option – he would be able to buy into the Medicaid program, retain his attendant services, and increase the amount of work he does.

PHONE:

P6/b(6)

He is comfortable having his phone number given to reporters.

HOMETOWN:

Somersworth, NH

### **Sandy Silver**

Sandy, 52, suffers from multiple sclerosis. Her receives health benefits through Medicare, and receives SSDI. She has worked part-time in various jobs, but it did not pay for her to work. If she earned an income she would have to pay a higher spend-down rate for her Medicare, which peaked at \$600, that essentially took away all of her newly earned income. She is also the single mother to two sons, both of whom began to work at an early age to help pay the bills. Sandy is now the beneficiary of a law passed in Minnesota, similar to the WIIA, that allows her to earn an income and still receive benefits. She now can buy into her medical assistance plan for only \$35, while earning an income from her part-time job as an Equipment and Financial Assistance Coordinator for the Multiple Sclerosis Society of Minnesota.

PHONE:

day (800)582-5296 x7967 or P6/b(6)

HOMETOWN:

Coon Rapids, MN

NOTES:

Sandy will be participating in the MS Society of Minnesota's press event tomorrow in Minneapolis

Jonathan

Jane Pitt  
S. Ballitt  
stated

Parker  
E. Rosen

Jonathan M. Young  
12/16/99 12:08:46 AM

N. Grubbs

I look forward  
to receive  
your  
reply

Record Type: Record

To: Devorah R. Adler/OPD/EOP@EOP

cc:  
Subject: Re: roosevelts *only copy*

*Now* Jim Roosevelt

The two people that the National Organization on Disability worked most closely with on this process (funding) are Ann Roosevelt, P6/b(6) and Chris Roosevelt, P6/b(6). Although NOD said they would be interested in attending if we held the event at the Memorial, both have indicated they are unable to attend. It would be great for Chris or others followed up with them.

grandchildren

P6/b(6)

NOT contact  
Jim Dickson  
293.5960

Transmittal  
Michael Winter  
Alena Miller  
**METRO**

P6/b(6)

out the  
GW &  
Jim Johnson

Parent 7 million  
→ 3 ad 4 million

Are you  
free for  
your 4pm  
call w/Chip Kahn?

Dan Wilson  
Doug Elmendorf

Berman  
John Talaman

P6/b(6)

# WORK INCENTIVES IMPROVEMENT ACT OF 1999

November 18, 1999

Today, the House of Representatives will vote on the Work Incentives Improvement Act of 1999. The President challenged Congress to pass this bill in his State of the Union address, and fully funded it in his 2000 budget. It gives people who want to work a chance to do so by removing the out-dated rules that end Medicaid and Medicare coverage when people with disabilities return to work. It modernizes the employment services system for people with disabilities. And, it affirms the basic principle manifested in the Americans with Disabilities Act: that all Americans should have the same opportunity to be productive citizens.

## **IMPROVES HEALTH CARE OPTIONS FOR PEOPLE WITH DISABILITIES BY:**

- **Removing limits on the Medicaid buy-in option for workers with disabilities.** This act creates two new options for states that build on a Medicaid buy-in, created by President Clinton in the Balanced Budget Act of 1997. First, it lets states remove the income limit of 250 percent of poverty (about \$21,000), allowing them to set higher income, unearned income, and resource limits. This important change allows people to buy into Medicaid when their jobs pay more than low wages but may not have access to private health insurance. Second, it creates the option to allow people with disabilities to retain Medicaid coverage even though their medical condition has improved as a result of medical coverage. This act also provides \$150 million over 5 years in health care infrastructure grants to states to support people with disabilities who return to work.
- **Creating a new Medicaid buy-in demonstration to help people who are not yet too disabled to work.** This act provides \$250 million to states for a demonstration to assess the effectiveness of providing Medicaid coverage to people whose condition has not yet deteriorated enough to prevent work but who need health care to prevent that level of deterioration. For example, a person with muscular dystrophy, Parkinson's Disease, or diabetes may be able to function and continue to work with appropriate health care, but such health care may only be available once their conditions have become severe enough to qualify them for SSI or SSDI and thus Medicaid or Medicare. This demonstration would provide new information on the cost effectiveness of early health care intervention in keeping people with disabilities from becoming too disabled to work.
- **Extending Medicare coverage for people with disabilities who return to work.** This act extends Medicare Part A premium coverage for people on Social Security disability insurance who return to work for another four and a half years. This means the difference between a monthly premium of nearly \$350 (which is about the cost of purchasing Part A and B coverage) and \$45.50. Although Medicare does not currently provide prescription drugs which are essential to people with disabilities, this assistance will be available nationwide, even in states that do not take the Medicaid options.

## **ENHANCES THE EMPLOYMENT SERVICES SYSTEM BY:**

- **Creating a "Ticket to Work Program."** This new system will enable SSI or SSDI beneficiaries to obtain vocational rehabilitation and employment services from their choice of participating public or private providers. If the beneficiary goes to work and achieves substantial earnings, providers would be paid a portion of the benefits saved.

**WORK INCENTIVES IMPROVEMENT ACT  
OFFER**

**CONDITIONS**

- Drop FHA housing offset
- Drop student loan / commercial paper offset
- Add funding for the Medicaid demonstration (+\$100 million over 5 years)
- Add food stamp restoration for elderly immigrants (+\$15 million / year)

**ALTERNATIVE OFFSETS**

**BONUS COMMODITIES**

**Start-Date: 2001**

<b><u>Savings:</u></b>	2000:	\$0 m
	2000-04:	\$220 m
	2005-09:	\$275 m
	2000-09:	\$495 m
	NOTE:	\$55 million / year

Authorizing legislation has long required a certain amount of each meal served to take the form of commodities. Historically, the amount of commodities provided each year rose only with inflation. A 1994 change in the law requires that a minimum of 12 percent of overall program spending be on commodities. Although this provision was intended merely to change the way the required commodities were calculated, it has had the unintended effect of requiring spending on commodities to increase faster than inflation. The FY 1999 and FY 2000 Agriculture appropriations acts recognized this problem and returned to historical commodity provision levels by requiring that the value of bonus commodities (those donated rather than purchased) be included in meeting the 12 percent commodity requirement for each of those fiscal years. This offset would make the change permanent. This change has no effect on the number of meals provided or the cost of meals. Included in FY 2000 PB.

**EITC: CLARIFY FOSTER CHILD DEFINITION**

<b><u>Savings:</u></b>	2000:	\$2 m
	2000-04:	\$133 m
	2005-09:	\$176 m
	2000-09:	\$309 m

Currently children qualifying for EITC include foster children, defined to mean individuals who reside with a taxpayer for a full year and whom the taxpayer "cares for as the taxpayer's own child." This rule is difficult to administer and results in high levels of error. The proposal would require that a foster child must be a legally placed with a family in order to be eligible for the EITC. The Center on Budget and Policy Priorities strongly supports this offset because they believe it could measurably reduce EITC error rates. Proposal was included in FY 2000 PB. (note: savings shown are outlays only)

## ACCELERATE RECEIPT OF SSI STATE SUPPLEMENT IN 2006

<u>Savings:</u>	2000:	\$0 m
	2000-04:	\$0 m
	2005-09:	\$260 m
	2000-09:	\$260 m

Almost all states supplement the Federal SSI payment. SSA administers this supplement for 26 states. Currently States reimburse SSA five days after the benefits are paid. This proposal would accelerate payment to one day before SSA makes the payment. This would result in SSA receiving 13 payments in the year in which the provision began. States would be allowed to use existing practices for the last month of their own fiscal year so that the provision would not adversely affect state budgets (only two states have the same fiscal year as the federal government.)

## ADDING FUNDING FOR MEDICAID DEMONSTRATION

	Senate Passed Bill:	Conference Bill:	Proposed:
2000:	\$72 million	\$25 million	\$25 million
2001:	\$74 million	\$25 million	\$35 million (+\$10)
2002:	\$78 million	\$25 million	\$55 million (+\$30)
2003:	\$81 million	\$25 million	\$55 million (+\$30)
2004:	--	\$25 million	\$55 million (+\$30)
2005:	--	\$25 million	\$25 million
	\$305 million	\$150 million	\$250 million

**Rationale:** This demonstration funds demonstrations in a limited number of states for people with disabilities that are severe but do not yet limit their work (e.g., Alzheimer's, MS) to buy into Medicaid. In 2000, CBO projects that the average cost of a person with disabilities is \$10,000. People targeted by this demo would be half as costly (\$5,000) – only could cover 5,000 nationwide with \$25 million / year.

## RESTORE FOOD STAMPS FOR ELDERLY LEGAL IMMIGRANTS

<u>Costs:</u>	2000:	\$10 m
	2000-04:	\$ 70 m
	2005-09:	\$75 m
	2000-09:	\$145 m

Current law includes an exception to alien ineligibility for food stamps under PRWORA, allowing certain legal elderly aliens to participate in the Food Stamp Program, provided they were lawfully residing in the United States on August 22, 1996, and they were 65 years of age or older. However, the exception does not extend to elderly immigrants who have or will become 65 subsequent to that date. Thus, current law makes an arbitrary distinction in the treatment of legal elderly immigrants solely on the basis of their date of birth, even though the individual may have worked and lived in the United States legally for years, before reaching 65 and becoming needy. This proposal will restore eligibility to an estimated annual average of 15,000 elderly permanent resident immigrants who entered the United States before August 22, 1996, and who subsequently reach age 65.

**WORK INCENTIVES IMPROVEMENT ACT  
PRELIMINARY / DRAFT**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-04	2004-09	2000-09
<b>SPENDING</b>													
<b>Health</b>													
Medicaid Buy-In: >250%	10	10	12	13	14	15	17	18	20	22	59	92	151
Medicaid Buy-In: CDR	1	1	2	2	3	4	5	6	7	9	9	31	40
Infrastructure Grants	2	3	3	4	4	5	5	6	6	7	16	29	45
Medicaid Demonstration	5	15	20	20	20	20	20	20	10	0	80	70	150
Medicare: 4.5-yr extension	0	10	29	48	74	98	118	128	150	178	161	672	833
<b>Subtotal</b>	<b>18</b>	<b>39</b>	<b>66</b>	<b>87</b>	<b>115</b>	<b>142</b>	<b>165</b>	<b>178</b>	<b>193</b>	<b>216</b>	<b>325</b>	<b>894</b>	<b>1219</b>
<b>Non-Health</b>													
Ticket to Work, related policies (Title I)	0	1	11	25	23	10	-22	-34	-48	-65	60	-159	-99
Demonstrations (Title III)	3	5	8	13	20	24	26	27	28	27	49	132	181
<b>Subtotal</b>	<b>3</b>	<b>6</b>	<b>19</b>	<b>38</b>	<b>43</b>	<b>34</b>	<b>4</b>	<b>-7</b>	<b>-20</b>	<b>-38</b>	<b>109</b>	<b>-27</b>	<b>82</b>
<b>TOTAL SPENDING</b>	<b>21</b>	<b>45</b>	<b>85</b>	<b>125</b>	<b>158</b>	<b>176</b>	<b>169</b>	<b>171</b>	<b>173</b>	<b>178</b>	<b>434</b>	<b>867</b>	<b>1301</b>
<b>OFFSETS</b>													
Prisoner-related provisions	-5	-24	-27	-31	-36	-35	-35	-35	-35	-35	-123	-175	-298
OASDI Clergy (Doesn't count)	-3	-8	-10	-10	-10	-10	-10	-10	-11	-11	-41	-52	-93
Medicaid/Medicare anti-fraud	0	-3	-5	-5	-5	-5	-5	-5	-5	-5	-18	-25	-43
SSA attorney fees	-15	-25	-25	-25	-25	-25	-25	-25	-25	-25	-115	-125	-240
<b>TOTAL OFFSETS</b>	<b>-20</b>	<b>-52</b>	<b>-57</b>	<b>-61</b>	<b>-66</b>	<b>-65</b>	<b>-65</b>	<b>-65</b>	<b>-65</b>	<b>-65</b>	<b>-256</b>	<b>-325</b>	<b>-581</b>
Dropping FHA, student loan offset	1	-7	28	64	92	111	104	106	108	113	178	542	720
Demo.increase	0	10	30	30	30	0	0	0	0	0	100	0	100
<b>TOTAL</b>	<b>1</b>	<b>3</b>	<b>58</b>	<b>94</b>	<b>122</b>	<b>111</b>	<b>104</b>	<b>106</b>	<b>108</b>	<b>113</b>	<b>278</b>	<b>542</b>	<b>820</b>
<b>ALTERNATIVE</b>													
Bonus 12% commodity in '01	0	-55	-55	-55	-55	-55	-55	-55	-55	-55	-220	-275	-495
EITC Foster Child in '00	-2	-31	-33	-33	-34	-34	-35	-35	-36	-36	-133	-176	-309
SSI Supp Timing Shift in '06	0	0	0	0	0	0	-260	0	0	0	0	-260	-260
Delay Medicaid >250% buy-in	-10	0	-2	-1	-1	-1	-2	-1	-2	-2	-14	-8	-22
Food Stamps immigrants elderly	10	15	15	15	15	15	15	15	15	15	70	75	145
<b>Total</b>	<b>-2</b>	<b>-71</b>	<b>-75</b>	<b>-74</b>	<b>-75</b>	<b>-75</b>	<b>-337</b>	<b>-76</b>	<b>-78</b>	<b>-78</b>	<b>-297</b>	<b>-644</b>	<b>-941</b>

To: Jack Law

From: Bob Greenstein

Subject: EITC offset

Date: November 15, 1999

Jack,

As you search for offsets, I understand that consideration may be given to a proposal in the Admins budget to tighten the definition of foster parent for purposes of the EITC. In my view, this should be considered an imminently acceptable offset. Indeed, it is sound policy that will strengthen the EITC.

To be sure, a small number of worthy families may lose the EITC as a result of this change. That effect, however, is substantially outweighed by the positive affect this proposal would have. There is no question that this proposal would result in a significant reduction in the EITC error rate. If the EITC is to continue to perform its vital role in supporting work in reducing poverty among millions of American families, it is essential that we make more progress in reducing the error rate.

To ease the effects of the proposal without significant change in the savings it would produce, I would recommend one tiny change in the proposal, which I believe Treasury has no problem with. I would recommend adding great aunts and great uncles to the list of relatives who can qualify as foster parents under this proposal.

Bob

CBO Disability and Health Estimates  
H.R. 1180: Ticket to Work and Work Incentives Improvement Act  
Conference Agreement  
(In millions; revenues/savings(-); costs (+))

Proposal	FY										Total	Total	Total
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	FY00-04	FY05-09	FY00-09
<b>Starting Balance</b>	1	-6	28	65	93	112	104	105	107	113	181	541	722
<b>CHANGES TO FILL FUNDING GAP</b>													
-- 12% Commodity	0	0	0	0	-55	-55	0	0	0	0	-55	-55	-110
-- EITC Clarify Foster Child Def.	-2	-31	-33	-33	-34	-34	-35	-36	-36	-37	-133	-178	-311
-- SSI State Supp Timing Shift in 2006	0	0	0	0	0	0	-300	0	0	0	0	-300	-300
-- Delay Medicaid Buy in > 250	-10	0	-2	-1	-1	-1	-2	-1	-2	-2	-14	-8	-22
-- Medicaid Demo Delayed	-5	0	0	0	0	0	0	0	0	0	-5	0	-5
-- Attorney Fee Delayed	15	10	0	0	0	0	0	0	0	0	25	0	25
<b>Subtotal</b>	<b>-2</b>	<b>-21</b>	<b>-35</b>	<b>-34</b>	<b>-90</b>	<b>-90</b>	<b>-337</b>	<b>-37</b>	<b>-38</b>	<b>-39</b>	<b>-182</b>	<b>-541</b>	<b>-723</b>
<b>REVISED BALANCE</b>	<b>-1</b>	<b>-27</b>	<b>-7</b>	<b>31</b>	<b>3</b>	<b>22</b>	<b>-233</b>	<b>68</b>	<b>69</b>	<b>74</b>	<b>-1</b>	<b>0</b>	<b>-1</b>

**WORK INCENTIVES IMPROVEMENT ACT**  
**OFFSET OPTIONS: DRAFT / INTERNAL**

**MEDICARE SECONDARY PAYER (MSP)** (assuming only offset, start date of 2002)

<b><u>Savings:</u></b>	2000:	0
	2000-04:	\$300 m
	2005-09:	\$800 m
	2000-09:	\$1.1 b

Under current law, private insurers are the primary payer for services used by privately insured Medicare beneficiaries. However, Medicare often ends up paying for these services since there are few ways for the program to know whether a beneficiary has private insurance.

This proposal would take steps to ensure that Medicare does not pay for claims owed by private insurers. These include requiring private insurers to report any Medicare beneficiaries they cover, allowing Medicare to recoup double the amount owed by insurers who purposely let Medicare pay claims the group plan should have made, and imposing fines for failing to report no-fault or liability settlements for which Medicare should have been reimbursed. Included in FY 2000 PB.

- **Creates tools to effectively implement the law on secondary payer.** Today, it is difficult to ensure that the right payer pays for health care for Medicare beneficiaries. This provision would create a system for notifying HCFA when a beneficiary has private coverage, thus reducing overpayments and erroneous payments. It also adds to the enforcement tools that Medicare currently uses when it finds a fraudulent insurer.
- **Experience shows it does not impose burdensome data efforts.** HCFA currently has consent agreements with BlueCross-BlueShield and the Travellers insurers to submit information on Medicare beneficiaries, as proposed under this law. There have been no reported problems with this system.

**ELIMINATING ABUSE OF MEDICARE'S PARTIAL HOSPITALIZATION**

<b><u>Savings:</u></b>	2000:	\$7 m
	2000-04:	\$ 75 m
	2005-09:	\$105 m
	2000-09:	\$180 m

Medicare coverage and payment for partial hospitalization program services was authorized in 1990 in order to diagnose and treat beneficiaries' mental health problems in order to prevent a relapse or hospitalization. However, several Inspector General reports have found that significant fraud has occurred in this benefit.

This proposal would preclude providers from furnishing partial hospitalization services in a beneficiary's home or in an inpatient or nursing home. It would also authorize the Secretary of Health and Human Services to set additional criteria for partial hospitalization services furnished by community mental health centers. Currently, many providers bill Medicare for partial hospitalization services that do not meet the reimbursement criteria. Included in FY 2000 PB.

- **Clearly documented abuses of this benefit.** Due to reports of billing Medicare for services that weren't covered, weren't provided or weren't needed, HCFA conducted site visits to 700 Medicare-participating community mental health centers and applicants. Many met few, if any, of the statutory requirements of Medicare participation, including minimum health and safety concerns. Many beneficiaries did not meet the qualifications for the benefit – some lacking any mental health problem. Also, at some sites, Medicare was billed inappropriately; for example, for group sessions for beneficiaries who were hearing impaired or unable to actively participate in such sessions.
- **Bipartisan support.** This provision has been included in numerous Congressional proposals and was unanimously supported by the House Commerce Committee as an offset for the Medicaid breast cancer coverage bill this fall.

#### **MEDICARE HOSPITAL OUTPATIENT DEPARTMENT (OPD) CAPITAL EXTENSION**

<u>Savings:</u>	2000:	\$250 m
	2000-04:	\$ 250 m
	2005-09:	\$0 m
	2000-09:	\$250 m

These reductions were first enacted in OBRA '90 and will be permanently built into the base year payment for OPD PPS. Due to a technical drafting anomaly in the BBA and the Y2K delay for OPD PPS, these reductions will temporarily lapse for the interim period between January 1 and July 1, 2000, but begin again when OPD PPS is implemented.

This proposal extends the current capital and operating cost reductions for hospital outpatient departments (OPD) for the interim period between January 1 and July 1, 2000 when the prospective payment system (PPS) for OPD is scheduled to be implemented.

- **Not a cut but prevents a temporary increase in payments.** This is a technical issue that results from the 6-month delay in the implementation of the new payment system for OPD payments.
- **Hospitals getting significant BBA restorations.** If we do 5.7 percent fix, transition to new system, IME, DSH, etc, hospitals will receive billions. This \$250 million payment is a glitch that should be fixed.

## SCHOOL LUNCH BONUS COMMODITY 12% REQUIREMENT

	Start-Date: 2006	Start-Date: 2001
<u>Savings:</u>	2000: \$0 m	2000: \$0 m
	2000-04: \$ 0 m	2000-04: \$220 m
	2005-09: \$220 m	2005-09: \$275 m
	2000-09: \$220 m	2000-09: \$495 m

NOTE: \$55 million / year

The School Lunch Act entitles schools to a specific amount (12%) of commodities for each lunch served. An unintended effect of a 1994 change in the law has resulted in higher costs. The FY 1999 and 2000 Agriculture appropriation recognized this problem and required that the value of bonus commodities (those donated to child nutrition programs) be included in meeting the 12% commodity requirement. The appropriations bill only made the change for one year. This offset would make the change permanent. Included in FY 2000 PB.

## ACCELERATE RECEIPT OF SSI STATE SUPPLEMENT IN 2006

<u>Savings:</u>	2000: \$0 m
	2000-04: \$0 m
	2005-09: \$260 m
	2000-09: \$260 m

Almost all states supplement the Federal SSI payment. SSA administers this supplement for 26 states. Currently States reimburse SSA five days after the benefits are paid. This proposal would accelerate payment to one day before SSA makes the payment. This would result in SSA receiving 13 payments in the year in which the provision began. States would be allowed to use existing practices for the last month of their own fiscal year so that the provision would not adversely affect state budgets (only two states have the same fiscal year as the federal government.) (\$260 million in one year, OMB scoring, CBO scoring not available) **NOTE: unlike the other options on this page, it is not clear that this offset has ever been shared with the Hill.**

## MEDICAID GENERIC DRUG PROPOSAL (effective 2004)

<u>Savings:</u>	2000: \$0 m
	2000-04: \$ 45 m
	2005-09: \$330 m
	2000-09: \$375 m

Under current law, drug manufacturers are required to pay Medicaid rebates if covered under this program. These rebates are based on price and utilization. Manufacturers of brand-name drugs are required to pay additional rebates if the drug prices increase above a baseline price at a faster rate than inflation.

This proposal would apply the inflation adjustment currently applied to brand-name drugs in the Medicaid program to generic drugs as well. Recent price increases in generic drugs have demonstrated the need for the CPI-U adjustment for generic as well as brand name drugs. Included in FY 2000 PB.

- **Total Medicaid Prescription Drug Expenditures and Rebates.** In FY 2001, the first year in which the proposal is estimated to be fully phased in, prescription drugs are projected to account for \$9.4 billion of Federal Medicaid spending. Rebates from brand and generic manufacturers who participate in the Medicaid prescription drug rebate program are projected to equal approximately 18% of the prescription drug costs, or about \$1.7 billion Federal in FY 2001.
- **Generic Drug Expenditures and Rebates.** Generic drugs account for a relatively small share of Medicaid prescription drug spending – 11%, or about \$1.0 billion Federal in FY 2001. Rebates from generic drug manufacturers account for an even smaller share of total rebates in the Medicaid program – 2.2%, or an estimated \$37 million Federal. By comparison, brand manufacturers – which account for 89% of Medicaid prescription drug expenditures – provide about 98% of rebates to the program. In addition, rebates from generic drug manufacturers account for a much lower share of Medicaid spending on generic drugs – 3.6% – than do rebates from brand manufacturers compared to Medicaid spending on brand drugs (19.4%).
- **Generic Makers Will Still Pay Substantially Lower Rebates Than Brand Manufacturers.** The FY2000 Budget proposal would increase the Federal share of rebates paid by generic drug makers by an estimated \$20 million in FY2001. With the Budget proposal, generic drug rebates would rise to an estimated 5.6% of total generic drug expenditures in FY 2001 (compared to 3.6% under current law) and to 3.4% of total rebates paid in the Medicaid program (compared to 2.2% currently). By comparison, rebates from brand manufacturers would continue to account for a much higher percentage of Medicaid spending on brand drugs (about 19%) and a higher percentage of total rebates provided to the Medicaid program (about 97%).

#### **EITC: CLARIFY FOSTER CHILD DEFINITION**

<b>Savings:</b>	2000:	\$2 m
	2000-04:	\$133 m
	2005-09:	\$176 m
	2000-09:	\$309 m

Currently children qualifying for EITC include foster children, defined to mean individuals who reside with a taxpayer for a full year and whom the taxpayer “cares for as the taxpayer’s own child.” This rule is difficult to administer and results in high levels of error. The proposal would require that a foster child must be a legally placed with a family in order to be eligible for the EITC. The Center on Budget and Policy Priorities strongly supports this offset because they believe it could measurably reduce EITC error rates. Proposal was included in FY 2000 PB. (note: outlays only, not a tax provision)

### **RESTORE FOOD STAMPS FOR ELDERLY LEGAL IMMIGRANTS**

<b>Costs:</b>	2000:	\$10 m
	2000-04:	\$ 70 m
	2005-09:	\$75 m
	2000-09:	\$145 m

[see below]

### **RESCIND FOOD STAMPS EDUCATION & TRAINING FUND**

<b>Savings:</b>	2000:	\$72 m
	2000-04:	\$163 m
	2005-09:	\$0 m
	2000-09:	\$163 m

PRWORA and BBA provided \$217 million in FY2000 for employment and training activities for food stamp recipients, with those amounts reduced to \$165 million by FY02. Under BBA, 80 percent of those funds must go to able-bodied adults without dependents (ABAWD) to help such individuals avoid a food stamps time limit that is triggered if they are not working or in E&T. This proposal lowers the amount available for E&T in FY2000 and 2001 to the FY02 level of \$165 million, which also yields savings from lower food stamp benefits for ABAWDS. (\$163 million in first five years; OMB approximation of CBO scoring). A similar rescission excess funds was included in the 1998 Agriculture Research bill in order to finance restorations of Food Stamps benefits for certain legal immigrants. If this offset was used in this context it would be appropriate to use some of the funds to further restore Food Stamps benefits for immigrants (i.e., the FY 2000 PB proposes to restore Food Stamps for legal immigrants in the country before Welfare Reform was enacted who become age 65; \$70 million over first five years.) **The Administration has not proposed to use this offset in any other context.**

## OBJECTIONABLE OFFSETS IN BILL

### **FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE REBATE**

<u>Savings:</u>	2000:	\$0 m
	2000-04:	\$158 m
	2005-09:	\$790 m
	2000-09:	\$948 m

The Federal Housing Administration (FHA) insures home mortgages made by private lenders. The agency charges both up-front and annual insurance premiums to cover its default losses. The up-front premium equals 2.25 percentage points of the mortgage amount; the annual premium equals 0.5 percentage point of the outstanding loan balance. The FHA partially refunds the up-front premium if the borrower pays off the mortgage in full during the first seven years. If the borrower takes out a new loan that the FHA insures, the refund is credited toward the up-front premium on the new loan.

This proposal would eliminate the rebate and the equivalent credit for newly insured loans. Implemented in 2004, it would save \$158 million for the first 5 years and \$948 million over 10 years.

The Administration opposes this offsets for several reasons:

- **Affects nearly 1 million homeowners.** More than 900,000 families with FHA mortgages prepaid their mortgages in 1999. The monetary impact of eliminating all refunds on FHA prepayments would be as high as \$2,138 per household, if the family chose to prepay in the first year of their loan. On average, this provision could cost more than 900,000 households an average of approximately \$1,200 per household whose average income is \$40,000.
- **Raises cost of FHA insurance.** For the average FHA borrower, eliminating the rebate would be equivalent to increasing the up-front premium by about \$1.70 for every \$1,000 borrowed (17 basis points). This increase would also discourage low-risk borrowers from joining which, in turn, will also raise premiums since the smaller pool of participants will be more costly.

### **STUDENT LOAN RATES**

<u>Savings:</u>	2000:	\$0 m
	2000-04:	\$ 20 m
	2005-09:	\$0 m
	2000-09:	\$20 m

Under the Higher Education Act of 1965, the special allowance paid to lenders for participation in the Federal Family Education Loan Program is pegged to the rate for 91-day Treasury bills.

This bill includes a provision that would change the index for the special allowance from 91-day Treasury bills to that for 3-month commercial paper from January 1, 2000 through June 30, 2003 at which time the Committees of jurisdiction would review this provision during the consideration of the Higher Education Reauthorization Act. It saves an estimated \$20 million over 5 years.

The Administration opposes this offset because:

- All benefits go to loan holders, none to students and families.
- Although there are short-term savings, the cost of this shift of risk to the Federal government could be as high as \$1.7 billion over the life of loans originated under this provision.
- The level of Federal subsidies for student loans was debated only one year ago. As such, a large change in how we calculate lender subsidies is unnecessary.
- Because the largest loan holders stand to gain disproportionately from this provision, other lenders could be placed at a competitive disadvantage and might be forced to leave the program.

## DEMONSTRATION FOR PEOPLE WITH POTENTIALLY SEVERE DISABILITIES

- In original bill, not a demonstration but a state option. Because of scoring and concerns about opening up Medicaid, it became a demonstration.

	<b>Senate Passed Bill:</b>	<b>Conference Bill:</b>	<b>Proposed:</b>
2000:	\$72 million	\$25 million	\$25 million
2001:	\$74 million	\$25 million	\$35 million (+\$10)
2002:	\$78 million	\$25 million	\$55 million (+\$30)
2003:	\$81 million	\$25 million	\$55 million (+\$30)
2004:	--	\$25 million	\$55 million (+\$30)
2005:	--	\$25 million	\$25 million
	\$305 million	\$150 million	\$250 million

**Rationale:** In 2000, CBO projects that the average cost of a person with disabilities is \$10,000. People targeted by this demo would be half as costly (\$5,000) – only could cover 5,000 nationwide with \$25 million / year.

## DEMONSTRATION FOR PEOPLE WITH POTENTIALLY SEVERE DISABILITIES

- **Demonstration of Coverage of Workers with Potentially Severe Disabilities.**  
A demonstration program would allow states to offer the Medicaid buy-in to workers that, as defined by the State, have a disability that without health care could become severe enough to qualify them for SSI or SSDI. States could participate in this demonstration if they have opted to expand coverage through at least one of the new Medicaid eligibility options for workers with disabilities. This demonstration is not a Medicaid entitlement; it is a capped, time-limited demonstration.

This demonstration's goal is to assess the health and financial benefits of providing Medicaid coverage to people whose condition has not yet deteriorated enough to prevent work but who need health care to prevent that deterioration. For example, a person with muscular dystrophy, Parkinson's Disease, or diabetes may be able to function and continue to work with appropriate health care, but such health care may only be available once their conditions have become severe enough to qualify them for SSI or SSDI and thus Medicaid or Medicare. This demonstration would provide new information on the cost effectiveness of early health care intervention in keeping people with disabilities from becoming too disabled to work.

- **Rationale for increasing funding.** In 2000, CBO projects that the average cost of a person with disabilities is \$10,000. People targeted by this demo would be half as costly (\$5,000) – only could cover 5,000 nationwide with \$25 million / year. (contrast this with the Republicans' Medicare Medical Savings Account (MSA) demonstration that they put in the BBA that capped enrollment at 390,000).

This proposal has broad-based supporters, including insurers (National Council of Life Insurers, UNUM, Kemper Group); national representatives of disease groups such as multiple sclerosis, diabetes, Parkinson's disease, epilepsy, and mental illness; and provider groups (e.g., Catholic Health Association, American Nurses Association, American Hospital Association).

- **Offset:** The additional cost of the demonstration could be offset by changing one of the offsets we provided – the bonus commodities– to be effective 2 years earlier, in 2002 rather than in 2004. This offset produces \$55 million per year.

	Senate Demo:	Current Demo:	Proposed Demo:	Commodities Offset
2000:	\$72 million	\$25 million	\$25 million	--
2001:	\$74 million	\$25 million	\$35 million (+\$10)	--
2002:	\$78 million	\$25 million	\$55 million (+\$30)	\$55 million (+\$55)
2003:	\$81 million	\$25 million	\$55 million (+\$30)	\$55 million (+\$55)
2004:	--	\$25 million	\$55 million (+\$30)	\$55 million
2005:	--	\$25 million	\$25 million	\$55 million
<b>Total:</b>	<b>\$305 million</b>	<b>\$150 million</b>	<b>\$250 million (+\$100)</b>	<b>\$220 million (+ \$110)</b>

November 15, 1999

**TO:** Keith Hennessy

**FROM:** Chris Jennings, Barbara Chow

Following up on our conversation, we have attached the statutory language on the offsets that we discussed yesterday. I need to reiterate on the offsets, however, that there is no agreement from the White House on dropping reinvestments in the Medicaid demonstration or for nutrition programs. We have provided more than sufficient offsets to finance these high priority items. Having said this, the attached language has been modified to only pay for the elimination of the FHA provision from the underlying bill.

As you will note, the language that we are submitting reflects the downsized version of our offsets necessary to pay for the elimination of the FHA provision. Since they are more than adequate to pay for the current version of the Work Incentives Improvement Act, we therefore believe that it is unnecessary and ill-advised to use the student loan / commercial paper offset.

We have agreed to delay the Medicaid buy-in option for one year. However, since this decreases the need for offsets in 2000, we recommend delaying the attorneys' fee offset to 2001 and pushing \$5 million from the 2000 allocation for the Medicaid demonstration to 2001.

Lastly, I need to advise you that the adequate resolution to the WIIA will be played out at higher levels. We believe that it is extremely important to restore some of the funding for the Medicaid demonstration program for people with potentially severe disabilities. The \$100 million that we have proposed and funded is \$50 million below what the Senate passed by a 99 to 0 vote. Adequate funding for this demonstration is a high priority for the disability community, disease groups, and the Administration.

**WORK INCENTIVES IMPROVEMENT ACT**  
**OFFSET OPTIONS**

**BONUS COMMODITIES**

	<b>Effective FY 2004-05</b>	
<b><u>Savings:</u></b>	2000:	\$0 m
	2000-04:	\$55 m
	2005-09:	\$55 m
	2000-09:	\$110 m

Authorizing legislation has long required a certain amount of each meal served to take the form of commodities. Historically, the amount of commodities provided each year rose only with inflation. A 1994 change in the law requires that a minimum of 12 percent of overall program spending be on commodities. Although this provision was intended merely to change the way the required commodities were calculated, it has had the unintended effect of requiring spending on commodities to increase faster than inflation. The FY 1999 and FY 2000 Agriculture appropriations acts recognized this problem and returned to historical commodity provision levels by requiring that the value of bonus commodities (those donated rather than purchased) be included in meeting the 12 percent commodity requirement for each of those fiscal years. This offset would make the change permanent. This change would become effective in FY2004.

**EITC: CLARIFY FOSTER CHILD DEFINITION**

<b><u>Savings:</u></b>	2000:	\$2 m
	2000-04:	\$133 m
	2005-09:	\$178 m
	2000-09:	\$311 m

Currently children qualifying for EITC include foster children, defined to mean individuals who reside with a taxpayer for a full year and whom the taxpayer "cares for as the taxpayer's own child." This rule is difficult to administer and results in high levels of error. The proposal would require that a foster child must be a legally placed with a family in order to be eligible for the EITC. (note: savings shown are outlays only)

**ACCELERATE RECEIPT OF SSI STATE SUPPLEMENT IN 2006**

<b><u>Savings:</u></b>	2000:	\$0 m
	2000-04:	\$0 m
	2005-09:	\$260 m
	2000-09:	\$260 m

Almost all states supplement the Federal SSI payment. SSA administers this supplement for 26 states. Currently States reimburse SSA five days after the benefits are paid. This proposal would accelerate payment to one day before SSA makes the payment.

**CBO Disability and Health Estimates**  
**H.R. 1180: Ticket to Work and Work Incentives Improvement Act**  
**Conference Agreement**  
(In millions; revenues/savings(-); costs (+))

<u>Proposal</u>	FY										<u>Total</u> FY00-04	<u>Total</u> FY05-09	<u>Total</u> FY00-09
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>			
<b>Starting Balance</b>	1	-6	28	65	93	112	104	105	107	113	181	541	722
<b>CHANGES TO FILL FUNDING GAP</b>													
- 12% Commodity	0	0	0	0	-55	-55	0	0	0	0	-55	-55	-110
- EITC Clarify Foster Child Def.	-2	-31	-33	-33	-34	-34	-35	-36	-36	-37	-133	-178	-311
- SSI State Supp Timing Shift in 2006	0	0	0	0	0	0	-300	0	0	0	0	-300	-300
- Delay Medicaid Buy in > 250	-10	0	-2	-1	-1	-1	-2	-1	-2	-2	-14	-8	-22
- Medicaid Demo Delayed	-5	0	0	0	0	0	0	0	0	0	-5	0	-5
- Attorney Fee Delayed	15	0	0	0	0	0	0	0	0	0	15	0	15
<b>Subtotal</b>	<b>-2</b>	<b>-31</b>	<b>-35</b>	<b>-34</b>	<b>-90</b>	<b>-90</b>	<b>-337</b>	<b>-37</b>	<b>-38</b>	<b>-39</b>	<b>-192</b>	<b>-541</b>	<b>-733</b>
<b>REVISED BALANCE</b>	<b>-1</b>	<b>-37</b>	<b>-7</b>	<b>31</b>	<b>3</b>	<b>22</b>	<b>-233</b>	<b>68</b>	<b>69</b>	<b>74</b>	<b>-11</b>	<b>0</b>	<b>-11</b>

NOTE: This assumes the 11/12 CBO scoring minus the FHA and the student loan provision

① offsets

## SCHEDULE FOR PAYMENTS UNDER SSI STATE SUPPLEMENTATION AGREEMENTS

(a) (1) Section 1616 (d) of the Social Security Act is amended --

(A) in paragraph (1), by striking "at such times and in such installments as may be agreed upon between the Commissioner of Social Security and such State" and inserting "in accordance with paragraph (5)"; and

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

"(5) (A) any State which has entered into an agreement with the Commissioner shall remit the payments and fees required under this subsection with respect to monthly benefits paid to individuals under this title no later than --

"(i) the business day preceding the date that the Commissioner pays such monthly benefits, or

"(ii) with respect to such monthly benefits paid for the month that is the last month of the State's fiscal year, the fifth business day following such date.

(iii) The Commissioner may charge States a penalty of 5 per cent of the payment and fees due if payment is received after the date required by subsections(i) and (ii).

"(B) The Cash Management Improvement Act of 1990 shall not apply to any payments or fees required under this subsection that are paid by a State prior to the dates set forth in paragraph (5) (A) (i) and (ii).

"(C) Notwithstanding the above provisions, the Commissioner is hereby authorized to make supplementary payments on behalf of a State with funds appropriated for payment of Supplemental Security Income benefits, and subsequently to be reimbursed for such payments by the State at such times as the Commissioner and State may agree. Such authority may be exercised only if extraordinary circumstances affecting a State's ability to make payment on the dates set forth in paragraph 5 (a) (A) (i) and (ii) are determined by the Commissioner to exist."

(2) Section 212 of Public Law 93-66 is amended--

(A) in subsection (b) (3) (A), by striking "at such times and in such installments as may be agreed upon between the Secretary and the State" and inserting "in accordance with subparagraph (E)";

(B) by adding at the end of subsection (b) (3) the following new subparagraph:

"(E) (i) any State which has entered into an agreement with the Commissioner shall remit the payments and fees required under this paragraph with respect to monthly benefits paid to individuals under title XVI of the Social Security Act no later than --

"(I) the business day preceding the date that the Commissioner pays such monthly benefits, or

"(II) with respect to such monthly benefits paid for the month that is the last month of the State's fiscal year, the fifth business day following such date.

"(ii) The Cash Management Improvement Act of 1990 shall not apply to any payments or fees required under this paragraph that are paid by a State prior to the dates set forth in subparagraph (b) (3) (E) (i) (I) and (II).

"(iii) Notwithstanding the above provisions, the Commissioner is hereby authorized to make supplementary payments on behalf of a State with funds appropriated for payment of Supplemental

Security Income benefits, and subsequently to be reimbursed for such payments by the State at such times as the Commissioner and State may agree. Such authority may be exercised only if extraordinary circumstances affecting a State's ability to make payment on the dates set forth in subparagraph (b) (3) (E) (i) (I) and (II) are determined by the Commissioner to exist.”; and

(C) by striking “Secretary of Health, Education, and Welfare” and “Secretary” each place it appears and inserting “Commissioner of Social Security”.

(b) The amendments made by subsection (a) shall apply to payments and fees arising under an agreement between a State and the Commissioner of Social Security under section 1616 of the Social Security Act or section 212 of Public Law 93-66 with respect to monthly benefits paid to individuals under title XVI of the Social Security Act for months after September, 2005, without regard to whether the agreement has been modified to reflect such amendments or the Commissioner has promulgated regulations implementing such amendments.

11/15/99

**Simplify Foster Child Definition Under EITC**

Amend current-law section 32(c)(3)(B)(iii) to read as follows:

**Eligible foster child.** For purposes of clause (i)(III), the term "eligible foster child" means an individual not described in clause (i)(I) or (II) who -

- (I) is a brother, sister, stepbrother, or stepsister of the taxpayer (or a descendent of any such relative) or is placed with the taxpayer by an authorized placement agency,
- (II) the taxpayer cares for as the taxpayer's own child, and
- (III) has the same principal place of abode as the taxpayer for the taxpayer's entire taxable year.

The amendment would be effective for taxable years beginning after December 31, 1999.

## **Bonus Commodities Proposed Legislative Language**

Section 6(g) of the National School Lunch Act (42 U.S.C .1755(g)) is amended in paragraph (1) by inserting after “including cash in lieu of commodities” the language “, any commodities provided by the Secretary pursuant to any provision of law during the period from October 1, 2003 until September 30, 2005,”.

Technical Note: Sections 6(d) and 6(e) appear not to exist. Sections 6(f) and 6(g) could therefore be relabeled as Sections 6(d) and 6(e) accordingly.

② MEDICAID

Demo

1 (B) INDEPENDENT EVALUATION.—The  
2 State provides for an independent evaluation of  
3 the project.

4 (3) LIMITATIONS ON FEDERAL FUNDING.—

5 (A) APPROPRIATION.—

6 (i) IN GENERAL.—Out of any funds in  
7 the Treasury not otherwise appropriated,  
8 there is appropriated to carry out this sec-  
9 tion <sup>20</sup> \$28,000,000 for each of fiscal years  
10 2000 <sup>and \$24,000,000 for each of fiscal years</sup> through ~~2005~~ 2001 through 2005.

11 (ii) BUDGET AUTHORITY.—Clause (i)  
12 constitutes budget authority in advance of  
13 appropriations Acts and represents the ob-  
14 ligation of the Federal Government to pro-  
15 vide for the payment of the amounts ap-  
16 propriated under clause (i).

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

19 (i) the aggregate amount of payments  
20 made by the Secretary to States under this  
21 section exceed \$150,000,000;

22 (ii) the aggregate amount of payments  
23 made by the Secretary to States for ad-  
24 ministrative expenses relating to annual re-

3

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Effective

S.L.C.

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1 to the Committee on Ways and Means of the House  
2 of Representatives and the Committee on Finance of  
3 the Senate on the study conducted under paragraph  
4 (1), together with any recommendations for legisla-  
5 tion that the Comptroller General determines to be  
6 appropriate as a result of such study.

7 (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply in the case of any attorney with  
9 respect to whom a fee for services is required to be cer-  
10 tified for payment from a claimant's past-due benefits  
11 pursuant to subsection (a)(4) or (b)(1) of section 206 of  
12 the Social Security Act after the later of—

13 ~~(1) December 31, 1999,~~ or <sup>2000.</sup>

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

16 **SEC. 407. EXTENSION OF AUTHORITY OF STATE MEDICAID**  
17 **FRAUD CONTROL UNITS.**

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

22 (1) by inserting “(A)” after “in connection  
23 with”; and

24 (2) by striking “title.” and inserting “title; and

25 (B) upon the approval of the Inspector General of

④ Medicaid Buy-In

S.L.C.

89 Effective Date Change  
1 of 3

1 (2) whether such individuals have health insur-  
2 ance coverage or could benefit from the State option  
3 established under such amendments to provide a  
4 medicaid buy-in; and

5 (3) how the States are exercising such option,  
6 including—

7 (A) how such States are exercising the  
8 flexibility afforded them with regard to income  
9 disregards;

10 (B) what income and premium levels have  
11 been set;

12 (C) the degree to which States are subsi-  
13 dizing premiums above the dollar amount speci-  
14 fied in section 1916(g)(2) of the Social Security  
15 Act (42 U.S.C. 1396o(g)(2)); and

16 (D) the extent to which there exists any  
17 crowd-out effect.

18 (d) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as provided in para-  
20 graph<sup>s</sup> (2) ~~and (3)~~, the amendments made by this section  
21 apply to medical assistance for items and services  
22 furnished on or after October 1, 1999.

23 (2) RETROACTIVITY OF CONFORMING AMEND-  
24 MENT.—The amendment made by subsection (b)(2)  
25 takes effect as if included in the enactment of sec-



Insert  
new P(3)

1 tion 4733 of the Balanced Budget Act of 1997  
2 (Public Law 105-33; 111 Stat. 522).

3 **SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI**  
4 **DISABILITY BENEFIT RECIPIENTS.**

5 (a) **IN GENERAL.**—The next to last sentence of sec-  
6 tion 226(b) of the Social Security Act (42 U.S.C. 426)  
7 is amended by striking “24” and inserting “78”.

8 (b) **EFFECTIVE DATE.**—The amendment made by  
9 subsection (a) shall be effective on and after October 1,  
10 2000.

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

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

17 (2) examines the necessity and effectiveness of  
18 providing continuation of medicare coverage under  
19 section 226(b) of the Social Security Act (42 U.S.C.  
20 426(b)) to individuals whose annual income exceeds  
21 the contribution and benefit base (as determined  
22 under section 230 of such Act (42 U.S.C. 430));

23 (3) examines the viability of providing the con-  
24 tinuation of medicare coverage under such section  
25 226(b) based on a sliding scale premium for individ-

New Paragraph (d)(3)

(3) The amendments made by subsection (a)(1) apply to medical assistance for items and services furnished on or after October 1, 2000.

**H.R. 1180 Ticket to Work and Work Incentives Improvement Act**  
**Options to Close Funding Gap**  
(dollars in millions, CBO scoring or estimate of CBO scoring)

<b>Funding Gap</b>	<b>2000-2004</b>	<b>2005-2009</b>	<b>2000-2009</b>
On budget	392	773	1165
Off budget	-111	-232	-343
<b>Total Gap</b>	<b>281</b>	<b>541</b>	<b>822</b>
<b>1 Medicare Only</b> Medicare Secondary Payer	<b>-300</b>	<b>-800</b>	<b>-1100</b>
<b>2 Mix of Medicare, Food and SSI offsets</b> Medicare partial hospitalization Medicare OPD Capital Reduction Extension School Lunch bonus commodity 12% requirement (enacted for FY2000 in Ag approp.) start in 2006. Accelerate receipt of SSI State Supplement in 2006.	<b>-325</b>	<b>-585</b>	<b>-910</b>
<b>3 Mix of Medicaid, EITC and Food offsets</b> Medicaid generic drugs in 2004 EITC – clarify Foster Child definition (in FY200 PB) School Lunch bonus commodity in 2003	<b>-288</b>	<b>-781</b>	<b>-1069</b>
<b>4 Food/EITC offsets and Food Stamp</b> <b>Immigrant restoration</b> School Lunch bonus commodity EITC – clarify Foster Child definition Accelerate receipt of SSI State Supplement in 2006. Restore Food Stamp eligibility for legal immigrants in the country before 8/22/96 who become age 65. Delay start of Medicaid buy-in policy until 2001.	<b>-297</b>	<b>-644</b>	<b>-941</b>
<b>5 Several Food offsets, Delay EITC, and Food</b> <b>Stamp Immigrant restoration</b> School Lunch bonus commodity EITC – clarify Foster Child definition – beginning in 2005 Accelerate receipt of SSI State Supplement in 2006. Rescind Food Stamps Education and Training funds above \$75 million Restore Food Stamp eligibility for immigrants in the country before 8/22/96 who become age 65	<b>-313</b>	<b>-593</b>	<b>-906</b>
<b>6 Funding consistent with Medicare Balanced</b> <b>Budget Refinement Act</b>			