

OFFICE OF MANAGEMENT AND BUDGET

**Legislative Reference Division
Labor-Welfare-Personnel Branch**

Telecopier Transmittal Sheet

SPECIAL



FROM: Melinda Haskins

395-3923

DATE: 3/18/99

TIME: 11:10 a.m.

Pages sent (including transmittal sheet): 5

COMMENTS:

Please call me about this draft letter that the Committee for Purchase from People who are Blind or Severely Disabled wants to send to the attached committees on S. 331.

TO: Cynthia Nie

Draft 3-16-99

Letter to Chairs and Ranking Minorities of JWOD Authorizing and Appropriations Subcommittees

Dear:

I am writing to express the support of the Committee for Purchase From People Who Are Blind or Severely Disabled (Committee for Purchase) for President Clinton's three-part budget initiative designed to remove barriers to work for people with disabilities. As described below, the initiative will enhance the Committee's ability to successfully administer the Javits-Wagner-O'Day (JWOD) Act, which focuses on the provision of employment and training for people who are blind or have other severe disabilities.

The three-part initiative consists of full funding of the Work Incentives Improvement Act; a new \$1,000 tax credit to cover work-related costs for people with disabilities; and expanded access to information and assistive technologies. All three address significant obstacles to full participation by people with disabilities in the nation's workforce--obstacles that reduce such individuals' abilities to contribute to our economy, while increasing their dependence on public support. The Committee for Purchase's JWOD Program experience provides conclusive evidence that people with disabilities, even those with multiple profound disabilities, prefer to work and gain some measure of independence. At the same time, our experience has shown that powerful work disincentives also exist, which is why we applaud the President's initiative and urge your support.

The tax credit and improved information and assistive technology components of the initiative will benefit both individuals with disabilities and organizations that employ or train them, such as the nonprofit community rehabilitation and other entities participating in the JWOD Program. While a \$1,000 tax credit may seem trivial, for those struggling to make ends meet or weighing the pros and cons of work, which include transportation and clothing costs, it may make a significant difference. And, surely, no one can question the value of improving technology and making it more accessible to people with disabilities. State and private nonprofit organizations participating in the JWOD Program are always looking for means of adapting equipment or processes to accommodate people with disabilities, and welcome the Federal Government's leadership in this arena. Even a brief visit to one of these organizations reveals that technology can make a tremendous difference in the ability of individuals to perform a job or task successfully.

The provisions of the Work Incentives Improvement Act (S.331) are perhaps even more important to the mission of the JWOD Program. One of the most widespread concerns people with disabilities have about accepting full-time positions--either a JWOD or non-JWOD job--is that they will lose health benefits. S.331 addresses this by providing extended Medicare coverage and, at the option of the State, Medicaid buy-in. As a result of these provisions, State and local private nonprofit agencies participating in the JWOD Program should be in a much better position to place a larger pool of individuals with disabilities into employment.

Another aspect of the Work Incentives Improvement Act that would enable the JWOD Program to be more successful is the modernization of the employment services system through the introduction of "tickets" that individuals can use at any of a number of public or private providers of vocational rehabilitation. Under this system, the numerous organizations participating in the JWOD Program registered under the Social Security Administration alternative provider program will be able to obtain

reimbursement for placement and long-term follow-up services currently financed through other sources, including community fund-raising. This will free up resources that can be used to generate additional jobs and training through JWOD contracts or other mechanisms.

A final provision of S.331 worthy of special note is its work incentives outreach program to provide accurate information to individuals with disabilities considering returning to the workforce. Through this program, people with severe disabilities will learn more about the JWOD employment and training option, which includes a wide range of job possibilities. Particularly in metropolitan areas where word-of-mouth networking is less effective, this provision will benefit people who might otherwise never learn of the benefits the JWOD Program has to offer.

The Committee also supports the provision in S.331 that would authorize a national demonstration of gradual reduction of SSDI cash benefits for those who attempt to return to or go to work. Currently, if a beneficiary earns even \$1 over the "substantial gainful activity" level, he or she falls off an "earnings cliff" (i.e., the individual loses all benefits). We agree with SSA Commissioner Apfel that an offset of \$1 loss of benefit for every \$2 over the limit would be a powerful incentive for trial workers to continue employment and gradually "work their way" off cash benefits.

We appreciate your consideration of the Committee for Purchase's comments and hope you will agree that the Administration's initiative is worthy of your support.

Sincerely,

Gary J. Krump
Chairperson

Draft 3-16-99
Addressees for Letter to Chairs and Ranking Minorities of JWOD
Authorizing and Appropriations Subcommittees

Senate Authorization

The Honorable Michael B. Enzi
Chairman
Subcommittee on Employment, Safety and Training
United States Senate
Senate Hart Office Building, Room 290
Washington, DC 20510-5004

The Honorable Paul D. Wellstone
Ranking Minority Member
Subcommittee on Employment, Safety and Training
United States Senate
Senate Hart Office Building, Room 404-B
Washington, DC 20510-6304

Senate Appropriation

The Honorable Ben Nighthorse Campbell
Chairman
Subcommittee on Treasury and General Government
United States Senate
Senate Dirksen Office Building, Room 190
Washington, DC 20510-6038

The Honorable Byron L. Dorgan
Ranking Minority Member
Subcommittee on Treasury and General Government
United States Senate
Senate Dirksen Office Building, Room 196
Washington, DC 20510-6038

Draft 3 16 99
Addressees for Letter to Chairs and Ranking Minorities of JWOD
Authorizing and Appropriations Subcommittees

House Authorization

The Honorable John L. Mica
Chairman
Subcommittee on Criminal Justice, Drug Policy, and Human Resources
U.S. House of Representatives
Rayburn House Office Building, Room B-373
Washington, DC 20515

The Honorable Patsy T. Mink
Ranking Minority Member
Subcommittee on Criminal Justice, Drug Policy, and Human Resources
U.S. House of Representatives
Rayburn House Office Building, Room B-373
Washington, DC 20515

House Appropriation

The Honorable Jim Kolbe
Chairman, Subcommittee on Treasury,
Postal Service and General Government
Rayburn House Office Building, Room B-307
Washington, DC 20515-6028

The Honorable Steny H. Hoyer
Ranking Minority Member
Subcommittee on Treasury,
Postal Service and General Government
Rayburn House Office Building, Room B-307
Washington, DC 20515-6028



Cynthia A. Rice

03/09/99 04:47:35 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:

Subject: FW: STATEMENT IN EXPLANATION AND SECTION-BY-SECTION ANALYSIS OF WORK INCENTIVES ASSISTANCE PROGRAM

----- Forwarded by Cynthia A. Rice/OPD/EOP on 03/09/99 04:50 PM -----



McKinnon William <mckinnon-william@dol.gov>

03/09/99 03:06:05 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:

Subject: FW: STATEMENT IN EXPLANATION AND SECTION-BY-SECTION ANALYSIS OF WORK INCENTIVES ASSISTANCE PROGRAM

Becky asked that I forward this to you.
Please pass on to anyone that needs the information.

<<WKINDBR1.WPD>> <<WKINEXP1.WPD>>



- WKINDBR1.WPD



- WKINEXP1.WPD

March 8, 1999 3:00 pm

STATEMENT IN EXPLANATION AND SECTION-BY-SECTION ANALYSIS OF
WORK INCENTIVES ASSISTANCE PROGRAM

This section would establish a \$50 million Work Incentives Assistance Program that would assist individuals with disabilities return to the workforce by improving access to and the coordination of information, benefits and services. The program complements the outreach grant program currently proposed in S.331 and incorporates recommendations of the President's Task Force on the Employment of Adults with Disabilities.

The primary objective of the program, as described in subsection (a), would be to induce systems change at the state and local level to improve training, employment, return-to-work, job retention, and career advancement for persons with disabilities. This objective would be achieved by the awarding of funds to create partnerships and consortia that would assist in better integrating and coordinating the provision of employment and support services to individuals with disabilities through the one-stop career center systems being established under the Workforce Investment Act of 1998 (WIA).

Subsection (b) describes the the competitive grants that are to enhance the provision of services to individuals with disabilities through the one-stop career centers. These one-stop centers are to be established in each local area under the WIA and are to provide universal access to core employment services, including job-related information and placement assistance. These competitive grants are designed to assist in ensuring that such universal access to the one-stop system includes access to appropriate information and services to individuals with disabilities.

Under this program of competitive grants, the Secretary of Labor is to award funds to partnerships or consortia of entities that must include State and local workforce investment boards that administer the one-stop system under the WIA and may include other public, private nonprofit, State, and local entities serving individuals with disabilities, to facilitate the provision of integrated employment-related services to individuals with disabilities through the one-stop system. Preference in awarding funds is to be provided to applicants that will match Federal funds with nonfederal resources and to those applicants that include the broadest range of entities in the proposed partnership or consortium. In addition, the activities are to supplement and not supplant on-going one-stop activities. This subsection identifies a number of allowable activities designed to enhance information and services to individuals with disabilities, including training, technical assistance and outreach to ensure that persons with disabilities are aware of the availability and eligibility requirements for employment-related benefits, services and training, and to promote equal opportunity for the effective participation of persons with disabilities in workforce investment activities.

Subsection (c) provides that the Secretary is to establish requirements for the submission of applications under the grant program. Subsection (d) contains common definitions. Finally, subsection (e) authorizes appropriations of \$50 million for the program for each of fiscal years 2000-2004.

SEC. ____ WORK INCENTIVES ASSISTANCE PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.-- From funds appropriated to carry out this section, the Secretary of Labor shall establish a program of work incentives assistance grants, which shall be designed to improve training, employment, return-to-work, job retention, and career advancement for persons with disabilities, by coordinating and linking the delivery of such services with the one-stop career center systems established under title I of the Workforce Investment Act of 1998.

(b) WORK INCENTIVES ASSISTANCE GRANTS .--

(1) COMPETITIVE GRANTS -- The Secretary of Labor shall provide competitive grants to support the creation and development of partnerships or consortia of public or private nonprofit organizations and entities (including State and local workforce investment boards, and organizations of individuals with disabilities) in order to--

(A) provide incentives for broader systems-building efforts involving coordinated services delivery through, and linkages across, the one-stop career center systems established under title I of the Workforce Investment Act of 1998;

(B) augment the capacity of the one-stop career center systems for the delivery of a full array of effective employment and training services to people with disabilities;

(C) promote coordination among members of such partnerships or consortia, in order to ensure that people with disabilities are better prepared to enter, reenter, and remain in the workforce; and

(D) facilitate coordination between one-stop career center systems and the benefits counselors and the corps of trained work incentives specialists established by Section 221 of the Work Incentives Improvement Act of 1999.

(2) CONSULTATION WITH FEDERAL PARTNERS.-- From funds appropriated to carry out this section, the Secretary of Labor shall consult with appropriate Federal partners prior to awarding competitive grants under this section, including the National Council on Disability, the President's Committee on the Employment of People with Disabilities, the Task Force on the Employment of Adults with Disabilities, the Department of Commerce, the Department of Education, the Department of Health and Human Services, the Department of Veterans Affairs, the Social Security Administration, and the Small Business Administration.

(3) ELIGIBLE ENTITIES.--

(A) IN GENERAL.-- For an entity to be eligible to be awarded a grant under this section, the entity shall be a partnership or consortium comprised of public or private nonprofit entities serving individuals with disabilities, which may include (but are not limited to) State and local workforce investment boards established under title I of the Workforce Investment Act of 1998, State Vocational Rehabilitation Agencies (including State agencies for individuals who are blind), Centers for Independent Living, State Medicaid and medical assistance agencies, State Protection and Advocacy Agencies, Client Assistance Programs, State Developmental Disabilities Councils, State mental health agencies, State mental retardation agencies, State transportation agencies, State developmental disabilities agencies, local or regional transit authorities, metropolitan planning organizations, local public housing authorities, the State

agency administering the State program funded under part A of title IV of the Social Security Act, school-to-work entities, education entities providing transitional services (including State educational agencies, local educational agencies, and community colleges), labor organizations, and local development agencies.

(B) ADDITIONAL REQUIREMENTS.--

(i) To the extent practicable, partnerships or consortia described in subparagraph (A) shall be formed by organizations and other entities that are locally or regionally based.

(ii) In order to ensure maximum coordination with the one-stop career center systems, the appropriate State and local workforce investment boards established under title I of the Workforce Investment Act of 1998 shall be members of each partnership or consortium described in subparagraph (A).

(iii) Preference shall be given to applications for grants, cooperative agreements, or contracts, based on the extent to which non-Federal sources will be used to contribute amounts toward matching the amounts available from Federal funds.

(iv) Preference shall be given to applications for grants, cooperative agreements, or contracts, based on the number of entities included in, and the comprehensive nature of, the consortium or partnership for which assistance under this subsection is requested.

(v) Activities assisted under this subsection shall build upon and supplement on-going activities and shall not duplicate or supplant current activities of the one-stop career center systems.

(4) ALLOWABLE ACTIVITIES.-- Funds made available from appropriations for carrying out this section may be used to provide assistance pursuant to grants, cooperative agreements, or contracts with eligible entities in each State for--

(A) the development and establishment of partnerships utilizing existing local, State, and Federal resources for the purpose of achieving the coordinated provision of integrated income assistance, health and other benefits, job training and placement, and other employment-related services for individuals with disabilities;

(B) making arrangements to link such services with local one-stop career center systems in a manner that comprehensively supports coordinated delivery of employment-related services to individuals with disabilities;

(C) the provision of training and technical assistance to partnership and consortium partners under this subsection and to all components of the Statewide workforce investment system under the Workforce Investment Act of 1998, in order--

(i) to increase awareness regarding the availability of and any eligibility requirements for employment-related benefits, services, and training for individuals with disabilities; and

(ii) to promote equal opportunity for the effective participation of individuals with disabilities in workforce investment activities in the State through improved understanding and knowledge of program accessibility needs and requirements;

(D) the development and implementation of procedures designed to enhance the provision of services for individuals with disabilities through such means as common intake, resource information and assistance (including assistance in resume preparation and career development, and information on employment-related services, programs, and benefits), the development of customer databases and customer service hotlines, and appropriate employment-related counseling and referrals, utilizing single point-of-entry systems involving appropriate electronic and staff assistance;

(E) the modification and enhancement of State and national information systems to link the work of the partnerships with the Statewide workforce investment system and with nationwide

systems for the provision of labor market information, employment statistics, and information on education and training opportunities and job vacancies;

(F) the establishment of linkages with other providers of services that individuals with disabilities may need in order to find and keep gainful employment, including such providers as local public agencies, nonprofit service providers, community-based organizations, and educational agencies and institutions;

(G) the establishment of arrangements for the provision of comprehensive pre-service assistance for individuals with disabilities; including (i) coordination with benefits counselors and the corps of work incentives specialists described in subsection (b), and (ii) information on the array of available services, including transportation assistance and subsidies;

(H) assisting publicly-funded entities in each State that serve specific sub-populations of individuals with disabilities (including individuals who are blind or deaf, or have psychiatric or developmental disabilities, and others) for the purpose of providing training and technical assistance to consortium partners, relating to the specific needs and barriers faced by their clients;

(I) identifying and implementing systems changes that address unique barriers to employment for targeted sub-populations, including (i) linkages and improved access to transportation for those with mobility impairments, (ii) resolution of housing issues facing those experiencing de-institutionalization or loss of public housing support, and (iii) other barriers to entry or re-entry into employment, and job retention and career advancement; and

(J) evaluation of programs or activities funded under this subsection.

(c) APPLICATION.-- Eligible entities shall submit applications for grants, cooperative agreements, and contracts to the Secretary of Labor at such time, in such manner, and containing such information and assurances as the Secretary may determine to be necessary to meet the requirements of this section.

(d) DEFINITIONS.-- As used in this section--

(1) SECRETARY.-- The term "Secretary" means the Secretary of Labor.

(2) ONE-STOP CAREER CENTER SYSTEMS.-- The term "one-stop career center systems" means the one-stop delivery systems established under title I of the Workforce Investment Act of 1998.

(e) AUTHORIZATION OF APPROPRIATIONS.--

There are authorized to be appropriated to carry out this section \$50,000,000 for each of fiscal years 2000 through 2004.

*Last year's Housebill
w/ Medicaid added*



Jonathan M. Young
03/16/99 12:38:05 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, Jeanne Lambrew/OPD/EOP

cc:

Subject: Are you familiar with this house bill?

Rep. Hulchof
*Like JPRM
but not some
on Medicare*

H.R.1091

Ticket to Work and Self-Sufficiency Act of 1999 (Introduced in the House)

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE- This Act may be cited as the 'Ticket to Work and Self-Sufficiency Act of 1999'.

(b) TABLE OF CONTENTS- The table of contents is as follows:

Sec. 1. Short title and table of contents.

TITLE I--EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 101. Expanding State options under Medicaid for workers with disabilities.

Sec. 102. Extending Medicare coverage for OASDI disability benefit recipients who are using tickets to work and self-sufficiency.

Sec. 103. Grants to develop and establish State infrastructures to support working individuals with disabilities.

Sec. 104. Demonstration of coverage of workers with potentially severe disabilities.

TITLE II--TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM

Sec. 201. Establishment of the Ticket to Work and Self-Sufficiency Program.

Sec. 202. Effective date.

Sec. 203. Graduated implementation of Program.

Sec. 204. The Ticket to Work and Self-Sufficiency Advisory Panel.

Sec. 205. Demonstration projects and studies.

TITLE III--TECHNICAL AMENDMENTS

Sec. 301. Technical amendments relating to drug addicts and alcoholics.

Sec. 302. Treatment of prisoners.

Sec. 303. Revocation by members of the clergy of exemption from social security coverage.

Sec. 304. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.

Sec. 305. Authorization for State to permit annual wage reports.

TITLE I--EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

SEC. 101. EXPANDING STATE OPTIONS UNDER MEDICAID FOR WORKERS WITH DISABILITIES.

(a) STATE OPTION TO ELIMINATE INCOME, ASSETS, AND RESOURCE LIMITATIONS FOR WORKERS WITH DISABILITIES BUYING INTO MEDICAID-- Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended--

(1) in subclause (XIII), by striking `or' at the end;

(2) in subclause (XIV), by adding `or' at the end; and

(3) by adding at the end the following:

(XV) who, but for earnings in excess of the limit established under section 1905(q)(2)(B), and subject to limitations on assets, resources, or unearned income that may be set by the State, would be considered to be receiving supplemental security income (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income that the State may determine and that may require an individual with income that exceeds 250 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved to pay an amount equal to 100 percent of the premium cost for providing medical assistance to the individual), so long as any such premiums or other cost-sharing charges are the same as any premiums or other cost-sharing charges imposed for individuals described in subclause (XVI));

(b) STATE OPTION TO EXPAND OPPORTUNITIES FOR WORKERS WITH DISABILITIES TO BUY INTO MEDICAID--

(1) ELIGIBILITY- Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by subsection (a), is amended--

(A) in subclause (XIV), by striking `or' at the end;

(B) in subclause (XV), by adding 'or' at the end; and

(C) by adding at the end the following:

'(XVI) who are working individuals with disabilities described in section 1905(v) (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine so long as any such premiums or other cost-sharing charges are the same as any premiums or other cost-sharing charges imposed for individuals described in subclause (XV)), but only if the State provides medical assistance to individuals described in subclause (XV);'.

**LIST OF WITNESSES TO APPEAR BEFORE
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY ON
BARRIERS PREVENTING DISABLED BENEFICIARIES
FROM RETURNING TO WORK**

THURSDAY, MARCH 11, 1999 - BEGINNING AT 10:00 A.M.

ROOM 1100 LONGWORTH HOUSE OFFICE BUILDING

PANEL:

The Honorable Nancy Johnson, M.C., Connecticut

The Honorable Jim Ramstad, M.C., Minnesota

Social Security Administration:

The Honorable Kenneth S. Apfel, Commissioner;

accompanied by

Susan Daniels, Ph.D., Deputy Commissioner for Disability and
Income Security Programs

U.S. General Accounting Office:

Cynthia M. Fagnoni, Director, Income Security Issues, Health, Education and Human
Services Division

PANEL:

Richard Blakley, Executive Director, Services for Independent Living,
Columbia, Missouri

Mary M. Gennaro, J.D., Director, Federal-State Relations, National Association of
Developmental Disabilities Councils, on behalf of Consortium for Citizens
with Disabilities

Jim McNulty, Member, Board of Directors, National Alliance for the Mentally Ill,
Bristol, Rhode Island

Jeffrey E. Carlisle, President, National Association of Rehabilitation Professionals in
the Private Sector, Metairie, Louisiana

**RETURN TO WORK INITIATIVES FOR
PEOPLE WITH DISABILITIES**

**HEARING BEFORE THE
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY**

MARCH 11, 1999



**STATEMENT BY
KENNETH S. APFEL
COMMISSIONER OF SOCIAL SECURITY**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss initiatives to assure that the Social Security Administration's (SSA) beneficiaries with disabilities who want to work have the opportunity to do so. I am accompanied today by Dr. Susan Daniels, Deputy Commissioner for Disability and Income Security Programs.

Since President Clinton took office, the American economy has added nearly 18 million new jobs; and unemployment is the lowest in three decades. The unemployment rate among all working-age adults with disabilities, however, is nearly 75 percent. According to current estimates, about 16 million working-age adults have a disability that leads to functional limitations and 14 million working-age adults have less severe but still significant disabilities. In addition, individuals with disabilities also face multiple barriers to work, which include: lack of adequate health insurance, higher costs of work, a disconnected employment service system, and inaccessible or unavailable technology. Not only is it more difficult for people with disabilities to work; when they do work, their earnings are lower.

As a nation, we are best served when all our citizens have the opportunity to contribute their talents, ideas, and energy to the workforce. There are a number of initiatives underway both at SSA and in Congress which promise to make this year one in which we see significant progress in doing just that. Today I will discuss the Clinton Administration's ongoing efforts to help people with disabilities participate in the workforce.

Clinton Administration Initiatives

I would like to tell you briefly what we have done and what we would like to do. As part of this Administration's continuing commitment to the return to work effort, President Clinton established the National Task Force on Employment of Adults with Disabilities on March 13, 1998 by Executive Order 13078. This high-level task force includes the Secretaries of Labor,

Education, Veterans Affairs, Health and Human Services (HHS), as well as the Administrator of the Small Business Administration, the Chair of the Equal Employment Opportunity Commission, the Chair of the National Council on Disability, and the Commissioner of Social Security.

Briefly stated, the purpose of the task force is to create an aggressive and coordinated national policy to bring adults with disabilities into gainful employment at a rate that is as close as possible to that of the general adult population. This involves studying existing policies to determine what changes are necessary to remove barriers to work, to develop health insurance options, and analyze the outcomes of programs related to employment for young people with disabilities. The final report of the task force is due to be issued in July 2002, with the first interim report issued last month.

As the first activity launched by the task force, Vice President Gore announced last September that SSA, in a collaborative effort with the Departments of Health and Human Services, Education, and Labor, would award grants to 12 States initially totaling over \$5 million to develop innovative projects to assist adults to reenter the workforce. It is expected that the new approaches now getting underway in these States will create Federal/State partnerships and serve as models for other States to replicate. This is one of many activities recommended by and acted upon by the Administration. In fact, as of January, actions had been initiated on every recommendation in the Task Force's Interim Report.

Last July, the President announced his commitment to enact affordable, feasible legislation to help people with disabilities maintain their health care-coverage and return to work.

In January, I announced that SSA will fund a Disability Research Institute to help provide policy makers with information and research data in the disability policy area, including ways to strengthen return-to-work policies for people with disabilities. The Disability Research Institute should be operational by the end of the year.

On February 12th, we announced SSA's proposal to increase the amount that adult beneficiaries with disabilities can earn while still remaining eligible for benefits. The proposed increase, from \$500 to \$700 per month, may affect as many as 250,000 Social Security beneficiaries with disabilities.

This year the President continues his commitment to improving opportunities for disabled Americans. The President's fiscal year (FY) 2000 budget contains a package of new initiatives that will remove significant barriers to work for people with disabilities. This three-part initiative, which invests over \$2 billion over five years, includes: (1) the Work Incentives Improvement Act, which was introduced in the Senate by Senators Jeffords, Kennedy, Roth and Moynihan and includes the Ticket to Work proposal enacted by the House last year; (2) a new tax credit of \$1,000 annually for workers with disabilities to help defray the monetary or in-kind costs incurred by people with disabilities who need transportation, special job equipment, or other assistance to return to work; and (3) expanded access to information and communications technologies. With these new proposals, the Administration will have taken action on every recommendation made in the President's Task Force on the Employment of Adults with Disabilities.

As a further incentive to encourage beneficiaries to return to work, the Administration has developed a legislative proposal to assure cash and health benefits can be restored in a timely fashion for former beneficiaries who must stop working but continue to meet the disability standards. These individuals, whose entitlement was terminated because of work, could request reinstatement without filing a new application as long as it is within 5 years of the termination, and receive provisional benefits—cash and Medicare or Medicaid, for up to 6 months while SSA is making a determination.

Ticket to Work Provision

In 1997, the Administration first proposed its "Ticket to Independence," which was later included in the President's FY 1999 Budget. Last year, based on the Administration's proposal, two former members of this Subcommittee, Representatives Bunning and Kennelly, introduced the "Ticket to Work and Self-Sufficiency Act," which was passed overwhelmingly last year in the House and is a key part of this year's Senate Work Incentives Improvement Act. This proposal is included in the President's FY 2000 Budget.

We believe that the Administration-proposed "Ticket" will result in many more opportunities for our beneficiaries to receive the services they need in order to work. The "Ticket" is a public-private partnership to give people receiving disability payments what they want and need—the control and flexibility to secure services tailored to their individual requirements from their choice of providers. The "Ticket" maintains fiscal discipline, since providers would be paid only for results.

The ticket would enable an SSI and SSDI beneficiary to go to either a public or a participating private provider. Providers who accept the ticket would have more flexibility in selecting their preferred reimbursement.

The Ticket proposal included in the President's Budget is based on the following fundamental principles:

Customer Choice: We believe that beneficiaries desire and need maximum flexibility and choice in pursuing services which will help them to become gainfully employed. Beneficiaries with disabilities must be able to choose a participating public or private employment or rehabilitation provider to receive the services that they need to participate in the workforce.

Paying for Outcomes: Beneficiaries and providers alike should focus on the goal of stable employment. A focus on outcomes and milestones is best achieved by linking it to financial rewards. Our goal is to reward success while using public funds in an accountable and targeted way.

Encouraging Innovation: We believe the competitive spirit in the proposed legislation will encourage innovations in the private and public sectors by creating opportunities for State agencies, local non-profit and for-profit providers, employers, and beneficiaries.

The Administration-proposed "Ticket" is designed to bring new service providers into this process. We want to develop new and innovative ways to bring beneficiaries with disabilities to the workforce based on actual outcomes, working with capable and committed service providers, and providing a strong infrastructure of information and support services. Many of these concepts are currently underway at SSA, and I would like to take this opportunity to discuss some of our initiatives.

SSA Initiatives

Historically, a very limited number of our approximately 10 million Social Security, Old Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) disability recipients leave the disability rolls each year because of successful rehabilitation. In fiscal year (FY) 1998, SSA paid State VR agencies about \$102 million for their services provided to approximately

10,000 beneficiaries with disabilities who worked at least 9 months at the substantial gainful activity level. Although this was a record year for reimbursements, I believe we can do better.

Based on our experience and extensive collaboration with professional groups and advocates, we have learned that many more individuals with disabilities want to work and will do so if they have access to the rehabilitation services they need to reenter the workforce. We recognize the myriad of complex and sensitive issues that must be addressed to remove barriers to participation in the workforce.

With this in mind, we have made progress on a number of other initiatives in the return-to-work arena which I would now like to share with you.

Alternate Provider

It is clear that there are many providers in the private sector who are willing to help. In March 1994, SSA amended its VR regulations to provide more opportunities for people with disabilities to receive the employment and rehabilitation services they need to return to work or enter the workforce for the first time.

These regulatory changes allowed SSA to refer Social Security Disability Insurance (SSDI) beneficiaries and SSI recipients who are blind or disabled to VR service providers in the public or private sectors. The option of serving the beneficiary continues to be offered first to the states; however, if SSA does not receive notification that the state VR agency has accepted a beneficiary for services by the end of the 4th month after the month of referral, we may arrange for an alternate provider of rehabilitation services to serve that individual. Usually, these providers come to us from the private sector. (Of course, this process would change with passage of the "Ticket.")

To further expand the pool of alternate providers, we have released two RFPs, the second of which will remain open continuously. It is important to note that this is not a competitive procurement with limits on the number of the contracts awarded. We are interested in expanding the pool of providers who can serve our beneficiaries and will award contracts to all

providers who qualify. Through the first week of March, we have signed contracts with 419 VR service providers nationally.

Some of these providers have begun to work with our beneficiaries. We just authorized payment for the first successful case, with several other cases soon to mature for payment. Alternate providers, like current VR providers, are reimbursed only after an individual has been working at the SGA level for at least nine months.

Project RSVP

Our experience with Project RSVP (Referral System for Vocational Rehabilitation Providers) will help us better understand the concept of using a program manager to oversee service providers. The objective of Project RSVP is to assure that return to work services are more readily available to SSA-referred individuals while improving the administration and cost-effectiveness of the program. RSVP is a 3-year demonstration project to test the advantages and the cost-effectiveness of contracting out certain administrative functions under SSA's VR referral and reimbursement programs, and assist in managing the alternate providers. On September 27, 1997 a contract was competitively awarded to Birch & Davis Associates, Inc. of Maryland. Birch & Davis is marketing the project to potential VR providers. In addition, a toll-free number to provide technical assistance and respond to questions from beneficiaries and providers as well as the contractor's bulletin board to refer individuals to alternate providers is in place.

Self-Referral Initiative

With the assistance of the RSVP contractor, we are expanding ways to provide SSDI and SSI recipients with disabilities or blindness increased access to rehabilitation and employment services to help them go to work. Under this process, these individuals have the opportunity to self-identify their interest in receiving return-to-work services by calling a toll-free number.

Our contractor will obtain information from the caller, combine it with information supplied by SSA and transmit a referral to the State VR agency and/or the alternate provider(s) serving the individual's area of residence. We believe this initiative helps to support our intent to offer beneficiaries a more pro-active role in assessing services at a time that is most appropriate to their circumstances.

Through all of these provider initiatives, we have and will continue to gain valuable insight and experience that we will use to ensure the success of the proposed legislation. We are encouraged by the results. We have learned that many highly skilled, outcome-focused agencies and professionals are eager to assist our diverse population to return to work. And, we have learned that individualized planning and support is essential to successful work re-entry.

Delivery of Work Incentive Information

We are working with the Virginia Commonwealth University to develop and test a decision support software package called WorkWorld for use in assisting consumers and service providers in determining the effects of work on their entitlement to SSA benefits as well as other federal/state benefits, such as food stamps. This will allow our beneficiaries to make more informed choices regarding employment opportunities.

We have created an attractive education kit called, "Graduating to Independence" (GTI), that is aimed specifically at youth in transition from education to employment and their families. The kit is designed for use by educators or professional organizations to instruct young beneficiaries and their families about SSA's work incentives. This multimedia kit contains a videotape and several computer disks, in addition to written materials, that combine facts with motivational examples. We have been very aggressive in distributing the GTI kits, sending them to school districts across the country, and handing them out at national conferences.

Additionally, we publish a number of other training and public information materials on work incentives. These materials are provided in multiple formats and have been designed with significant consumer input to be user-friendly. And, we have developed an Internet website which contains information about work incentive provisions, access to our publications, and information on our rehabilitation and employment programs.

Finally, SSA Operations and Program Offices are working together to assess our policies and procedures relative to our work incentive service delivery. Through this process, we are exploring ways we can improve the accuracy and timeliness of work incentive information in our field offices. Beyond that, we plan to develop methods to speed "on-demand" information to customers and stakeholders.

Demonstration Authority

The demonstration authority of section 505(a) of the Social Security Disability Amendments of 1980 expired June 10, 1996. I want to thank the members on this Committee for their support for an extension passed by the House last year, which unfortunately was not enacted. In order to initiate any new projects under the SSDI program for researching return-to-work, the Administration seeks a permanent extension of demonstration authority so that we can test new approaches to accomplish our goals in this area. With this renewed authority, SSA can develop a comprehensive strategy that integrates earlier intervention, and identification and provides necessary assistance in removing barriers to work for applicants and beneficiaries.

With renewed authority we will pursue other projects that bring us closer to our goal of supporting the active participation of our beneficiaries with disabilities in the workforce.

Health Care

Finally, although I would defer to HHS on the details, I would like to mention the issue of health care coverage, which is addressed in the President's legislative package and is part of S. 331, "The Work Incentives Improvement Act". Fear of losing health care coverage is frequently cited as the most common reason many disabled beneficiaries do not attempt to return to work. These initiatives would expand Medicare and Medicaid so that people can retain their health benefits coverage when they return to work. Under the proposal, Medicare coverage for disabled beneficiaries who return to work during the next 10 years would continue so long as they remain disabled and States would be permitted to allow disabled individuals to buy insurance through Medicaid. In many cases, people returning to work either work part-time and are not eligible for employer based health insurance or work in jobs that do not offer insurance. These health options, included in the President's budget, are essential complements to the Ticket to Work and other policies to remove barriers to work for people with disabilities.

Conclusion

Mr. Chairman, I want to assure you that the Social Security Administration stands ready, willing, and able to work with lawmakers on both sides of the aisle to enact fiscally responsible legislation to help thousands of Americans with disabilities, who with appropriate services and support, can be successful in obtaining or continuing to work. People with disabilities can bring tremendous energy and talent to the American workforce, but institutional barriers often limit their ability to work. We need new and innovative approaches so that Americans with disabilities can work. The President's three-part budget initiative in addition to the other initiatives I have discussed today represent not only new approaches, but also a continued commitment to make every effort to enrich the lives of people with disabilities and to help those who want to work do so.

I would be happy to answer any questions.

3/9

Jill - K

10 → 5 years down

Comply in 35% priority

Pay Part A of income

Foreman bit offset

Conrad did voice some concerns

Finance Cmte

→ took expedited disability

→ permanent authority

→ no sunset

(instead length)

Didn't take

DOL

milestone

P + A

House

SSA mtg w/ Nancy Johnson, Shaw

with MLO

H will split bill
Medicare a problem w/ Thomas
→ Medicare in jeopardy
(T. Diet + Medicaid OK)

Thompo = no Medicare → cms
while commission ~~in~~
developing strategy



SSA Testimony
W/M Subcomf
~~Education for members~~
Education for members

** Add to Apfel testimony

DOL piece

→ Kennedy authority ASO mis

→

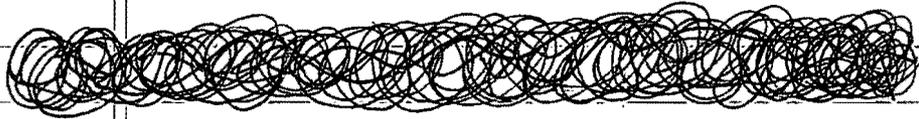
Current language

SSA shall run program
but only authorizing language
\$23 mi
→ \$\$\$ would need to be approp.

Options

→ one year delay / deal w/in FY2001
budget

→



① Inform SSA \$ is authorized

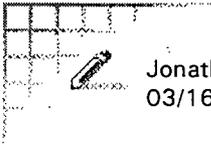
Susan Daniels { → Connie / Kennedy
 → Marty Ford

② Figure out solution

③ Mts w/ the group

CBO estimates

→ expedited eligibility - CBO has cost
→ CBO new estimates on medically insured



Jonathan M. Young
03/16/99 08:54:53 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Mary E. Cahill/WHO/EOP

Subject: JKRM Update

I attended last Thursday's House Ways and Means Subcommittee hearing, and will bring copies of testimony to the meeting today. Panelists and Committee members uniformly praised the work incentives legislation, including the health provisions.

Senate: 67 co-sponsors (all 45 Democrats, 22 Republicans).

House: A bipartisan joint introduction with W&M and Commerce is expected on Thursday, reportedly with the following members.

Commerce:

- Lead sponsor--Lazio (R-NY)
- Bliley (R-VA)
- Bilirakas (R-FL)
- Dingell (D-MI)
- Waxman (D-CA)

Ways & Means:

- Johnson (R-CT)
- Matsui (D-CA)
- Cardin (D-MD)
- Ramstad (R-MN)
- Foley (R-FL)

Understanding
= Bill proposed out by Senate Finance

not Shaw

Message Sent To:

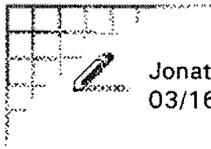
W&M comtee want Fri a.m. mtg (Shaw) total talk about #1

Compare last year's House bill w/ Jeff-K

Rm H137 Capital 11:00

→ prefer Jeff-K except
- prefer H (no -re with)

Senate - Blue Slip problems



Jonathan M. Young
03/16/99 01:02:29 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Dated Mark-up update

Old news, but thought many of you would be interested.

NAMI E-News

March 4, 1999

Vol. 99-89

WORK INCENTIVES IMPROVEMENT ACT UPDATE:

FINANCE COMMITTEE APPROVES S 331,
NEXT STOP SENATE FLOOR

By a 16-2 vote, the Senate Finance Committee today favorably reported the Work Incentives Improvement Act (S 331), setting the stage for action by the full Senate. As readers of the NAMI E-News know, this important bipartisan legislation, authored by Senators Jeffords (VT), Kennedy (MA), Roth (DE) and Moynihan (NY), would reform the SSI, SSDI, Medicaid and Medicare programs to make it easier for adults with severe disabilities (including adults with severe mental illnesses) to go to work without losing health care benefits. S 331 also contains the "Ticket to Independence" program that would allow SSI and SSDI beneficiaries to use a voucher to select their own employment or psychosocial rehabilitation provider (outside of the current public vocational rehabilitation monopoly).

Just as important as the Senate Finance Committee's action today is the fact that the number of cosponsors for S 331 today reached 62 -- Senators Bayh (IN), Edwards (NC), Kohl (WI), Landrieu (LA), Lautenberg (NJ) and Mack (FL) are the latest cosponsors. Senate bills with 60 or more cosponsors are in a very strong position for passage since they meet the threshold needed to overcome a filibuster.

At today's "mark-up" hearing, only Senators Lott (MS) and Nickles (OK) voted against the bill -- Gramm (TX) was recorded as "present." Senator Nickles offered, but withdrew, 4 separate amendments that would have curtailed the extended health care coverage provisions that are included in the bill for SSI and SSDI beneficiaries who go to work. In doing so, he pledged to continue raising concerns about the cost and fairness of extending coverage for adults with disabilities when the bill reaches the Senate floor. More information on the Senate Finance Committee's action are available through the Committee's website at <http://www.senate.gov/~finance/fin-leg.htm>, click on the "Chairman's Mark" for a detailed summary of the bill.

NAMI advocates are urged to contact all sponsors of S 331, particularly Senators Roth, Moynihan, Jeffords and Kennedy and thank them for their efforts to eliminate the unfairness inherent in the current system. All Senate offices can be reached through the NAMI website at www.nami.org and click on Write to Congress.

On the House side, efforts are still underway to get the Work Incentives Improvement Act introduced. Representative Rick Lazio (R-NY) is expected to introduce the bill soon. A separate, more narrow proposal that includes only the "Ticket to Independence" proposal may also be reintroduced soon by Representative E. Clay Shaw (R-FL). NAMI policy staff will provide an update once the bill is introduced in the House and a grassroots campaign to seek cosponsors can be undertaken.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Jeanne Lambrew/OPD/EOP
Jeffrey A. Farkas/OMB/EOP
Carole Kitt/OMB/EOP
Larry R. Matlack/OMB/EOP
Joanne Cianci/OMB/EOP
J. Eric Gould/OPD/EOP
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sclarkin @ os.dhhs.gov

CYNTHIA

MAR-21-99 10:43 FROM: CBO/BAD/HCEU

ID: 202 226 9010

PAGE 2/6

MEMORANDUM

To: Jennifer Baxendell, Senate Committee on Finance
 From: Jeanne De Sa and Dottie Rosenbaum, Congressional Budget Office
 Re: Preliminary staff estimate of S. 331, The Work Incentives Improvement Act of 1999
 Date: March 1, 1999

In response to your request, we have prepared a preliminary analysis of the health components of Title I of S. 331, as introduced on January 28, 1999. We estimate that this portion of the bill would increase federal Medicaid spending by about \$900 million over fiscal years 2000-2004. Title I would also increase net Medicare spending by \$250 million over five years. Medicare costs under other titles of the bill net to \$30 million over five years. The attached table shows preliminary estimates of the bill in its entirety. We have not completed analysis on the proposed replacement language for section 212.

Medicaid. The bill would amend Medicaid law to allow states the option to raise certain income, asset and resource limitations for workers with disabilities who buy into Medicaid. We estimate that this policy, combined with the incentives created by grants and demonstration projects (discussed below) would induce some states to expand Medicaid to include the working disabled and would marginally increase enrollment in those states that would otherwise have expanded Medicaid to include this group, resulting in a five-year increase in spending of about \$100 million. The bill also would provide states the option to cover people who are removed from the Supplemental Security Income (SSI) or Disability Insurance (DI) rolls due to medical improvement, as established at a regularly scheduled continuing disability review, but who still have conditions that qualify as a "severe medically determinable impairment" and are employed at least 40 hours per month. We estimate that the resulting increase in enrollment would raise federal Medicaid spending by \$400 million over five years. Since some people would file for benefits under DI who would not otherwise do so under current law, there would also be additional costs in DI.

Other Mandatory Health Spending. To states that choose at least the first of those two Medicaid options, the bill would make available grants to develop, establish and publicize state infrastructures that provide items and services to workers with disabilities. The bill would appropriate \$20 million in 2000, \$25 million in 2001, \$30 million in 2002, \$35 million in 2003 and \$40 million in 2004, totaling \$150 million over 5 years. The 2004 amount would be indexed to the CPI-U in later years through 2010. Each state's grant would be limited in each year to 15 percent of the estimated total federal and state spending on the more costly of the two state options. We estimate that the limitation will hold spending to \$100 million over five years. Funds not allocated would remain available for allocation to states in future years. Funds allocated to states would be available until expended.

States electing the first option would also be able to access grants for demonstration projects that

	01-Mar-99	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	5-yr 2000-04	10-yr 2000-09
Title III - Demonstration Projects and Studies et														
Extension of OI demo project authority														
Disability insurance		0.003	0.005	0.005	0.003								0.016	0.016
"\$1-for-\$2" demos														
Disability insurance--contractor costs				0.004	0.005	0.006	0.006	0.006	0.004	0.004	0.004	0.004	0.014	0.035
Disability insurance--benefit costs				0.003	0.008	0.013	0.018	0.019	0.018	0.018	0.018	0.018	0.024	0.113
Medicare outlays (net)						0.002	0.004	0.007	0.009	0.009	0.009	0.009	0.002	0.040
Subtotal, provision				0.007	0.013	0.020	0.028	0.029	0.031	0.031	0.031	0.031	0.040	0.190
Total, Title III		0.005	0.005	0.012	0.016	0.020	0.028	0.029	0.031	0.031	0.031	0.031	0.056	0.206
Title IV - Technical Amendments														
Prisoner-related provisions														
Payments to prison officials--OASDI		0.002	0.007	0.008	0.009	0.009	0.009	0.010	0.010	0.010	0.010	0.010	0.035	0.085
Payments to prison officials--SSI		0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.003	0.008
Savings in benefits--OASDI		-0.009	-0.015	-0.016	-0.020	-0.023	-0.023	-0.025	-0.025	-0.025	-0.025	-0.025	-0.080	-0.205
Savings in benefits--SSI		-0.002	-0.007	-0.008	-0.009	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.037	-0.092
Subtotal		-0.008	-0.015	-0.017	-0.020	-0.024	-0.024	-0.025	-0.025	-0.025	-0.025	-0.025	-0.079	-0.204
Open season for clergy to elect OASDI coverage														
Social Security revenues (off-budget)		0.003	0.008	0.010	0.010	0.011	0.011	0.011	0.011	0.011	0.012	0.012	0.042	0.099
H revenues (on-budget)		0.001	0.002	0.002	0.002	0.002	0.003	0.003	0.003	0.003	0.003	0.003	0.010	0.023
Other on-budget revenues		-0.000	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.005	-0.012
OASDI benefits														
Subtotal (effect on deficit)		-0.003	-0.009	-0.011	-0.011	-0.012	-0.012	-0.012	-0.013	-0.013	-0.013	-0.013	-0.046	-0.110
Authorization for states to permit annual wage reports														
		e/	e/											
Total, Title IV (effect on deficit)		-0.005	-0.024	-0.028	-0.032	-0.035	-0.037	-0.037	-0.038	-0.038	-0.038	-0.038	-0.128	-0.314

Estimates of Jaffords-Kennedy-Roth-Moyrinha bill (S. 331), introduced on 1/28/99 (by fiscal year, in billions of dollars)

Mandatory spending and revenues only; excludes discretionary appropriations.

*****PRELIMINARY*****

Referred to the Committee on Finance (also in President's budget request)

	01-Mar-99	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	5-yr 2000-04	10-yr 2000-09
Total														
Disability insurance (off-budget)	--	0.008	0.019	0.034	0.040	0.033	0.027	0.002	-0.004	-0.004	-0.005	-0.005	0.135	0.151
SSI	--	-0.001	-0.006	-0.007	-0.007	-0.011	-0.016	-0.024	-0.030	-0.034	-0.039	-0.039	-0.031	-0.174
Medicare	--	0.012	0.035	0.055	0.075	0.105	0.138	0.180	0.211	0.259	0.300	0.300	0.281	1.382
Medicaid	--	0.042	0.058	0.095	0.126	0.164	0.214	0.261	0.322	0.377	0.438	0.438	0.498	2.109
HHS mandatory outlays	--	0.017	0.064	0.095	0.103	0.113	0.059	0.042	0.043	0.044	0.045	0.045	0.392	0.626
Social Security revenues (off-budget)	--	0.003	0.006	0.010	0.010	0.011	0.011	0.011	0.011	0.011	0.012	0.012	0.042	0.099
Other revenues (on-budget)	--	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.005	0.011
Total (effect on deficit)	--	0.076	0.171	0.262	0.328	0.382	0.411	0.418	0.529	0.623	0.725	0.725	1.229	3.964
Total spending	--	0.079	0.130	0.273	0.340	0.404	0.423	0.460	0.542	0.636	0.738	0.738	1.275	4.074
Total revenues	--	0.003	0.039	0.011	0.011	0.012	0.012	0.012	0.013	0.013	0.013	0.013	0.046	0.110
Total deficit	--	0.076	0.171	0.282	0.328	0.382	0.411	0.448	0.529	0.623	0.725	0.725	1.229	3.964
On-budget spending	--	0.069	0.161	0.239	0.300	0.371	0.395	0.459	0.546	0.640	0.743	0.743	1.140	3.923
On-budget revenues	--	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.005	0.011
On-budget deficit	--	0.069	0.160	0.238	0.298	0.370	0.394	0.457	0.544	0.639	0.741	0.741	1.136	3.912
Off-budget (Social Security) spending	--	0.008	0.019	0.034	0.040	0.033	0.027	0.002	-0.004	-0.004	-0.005	-0.005	0.135	0.151
Off-budget (Social Security) revenues	--	0.003	0.006	0.010	0.010	0.011	0.011	0.011	0.011	0.011	0.012	0.012	0.042	0.099
Off-budget (Social Security) deficit	--	0.007	0.011	0.024	0.030	0.022	0.017	-0.003	-0.015	-0.018	-0.016	-0.016	0.093	0.053

DI=Disability Insurance, SSI=Supplemental Security Income, SGA=sustained painful activity (currently \$500 a month), CDR=continuing disability review, EPE=extended period of eligibility, BBA=Balanced Budget Act, HI=Hospital Insurance (Medicare Part A), na = not available.

- a. A BBA provision enacted in 1997 permitted states to allow disabled people who would be receiving SSI if it were not for earnings above SGA to buy into Medicaid, if their income was less than 260 percent of poverty. This proposal would permit states to set the income, asset, and resource limits.
- b. CBO assumes the policy would apply retroactively to people whose benefits were terminated as a result of a CDR as early as FY99. The extra DI costs occur because CBO expects that this provision would encourage some eligibles to apply for DI benefits; in particular, people with short-term impairments (such as accident victims) might be more likely to apply than under current law, because this provision would effectively guarantee them permanent Medicaid coverage if they later recover and work and their state participates.
- c. Preliminary estimate. Bill contains no allocation formula for state grants. Spending could be less, if program is slow to get off the ground.
- d. Federal outlays cannot exceed \$300 million nor can payments be provided by the Secretary after 2005.
- e. This provision would amend section 5137 of the Social Security Act to permit certain employers to submit annual, rather than quarterly, wage reports to the agency that administers their state's unemployment compensation program. Those earnings data are also used to help monitor eligibility for several needs-tested programs, including Food Stamps, SSI, and Medicaid. It is possible that the provision could cost money by leading to larger overpayments and fewer recoveries in those programs. CBO has not completed its analysis of this provision.

Joanne Cianci | Carol Kitti

~~B/15~~

stick w/ our budget \$50 mi

Don't take position on \$23 in Jeff - K
→ not going to oppose bill because of this
not going to change caps

Q = is there any opportunity to officially transmit
this to the Hill?

→ make on pitch + explain it

→ to both authors + appropriators



**PRESIDENTIAL
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FACSIMILE TRANSMITTAL FORM

Date: 3-11-99

Total Pages: 2

To: Cynthia Rice

From: Becky Ogle

Fax #: 456-7431

Tel #: _____

Org/Ofc: DPC

Subj: Work Incentive
Grow Program

Distribution:

- Normal
- Urgent/Hand Carry or Telephone
- Confidential

Comments:

Put Ability to Work!

March 11, 1999

MEMORANDUM FOR: LARRY MATLACK
CYNTHIA RICE

FROM: BECKY OGLE

SUBJECT: Strategy for Work Incentive Grant Programs

In our conference call on Tuesday, we began discussing the DOL proposal to amend Kennedy-Jeffords to authorize the "Bridge" grant program for \$50 million, consistent with the President's budget which contains \$50 million in new offsets for this purpose. The DOL proposal would be in addition to the authorization for a \$23 million work incentives planning and counseling grant program already in Kennedy-Jeffords. The problem with this strategy, as pointed out in the conference call, is that Kennedy-Jeffords mandates that the \$23 million be funded out of existing SSA administration funds in the FY 2000 budget, so that no new offsets are required. Both SSA and OMB agree that this is not a feasible funding solution for the \$23 million program. Thus, it would be no problem seeking authorization for a total of \$73 million in grant programs under Kennedy-Jeffords, but there would be a real problem in seeking this amount of appropriations, given the need to find an additional \$23 million in offsets.

Cynthia's solution to this dilemma, as I understood it, would be to proceed with both the \$50 million and \$23 million authorizations, but make these consistent with existing offsets by seeking the full \$50 million in appropriation for the "Bridge" program and delaying appropriations for the \$23 million planning and counseling program until FY 2001. This presumably would require an amendment to the authorization for the planning and counseling program that would drop the reference to SSA administrative funding and instead authorize \$23 million per year beginning in FY 2001. More seriously, this would also require that someone explain to the disability community why we are pushing off funding for this program until FY 2001 and thereby making any funding more uncertain. I think this would be virtually impossible to do.

Our first preference for resolving this dilemma is for OMB to find an additional \$23 million in offsets. Larry, this is your chance to step up and do the right thing.

Our second preference would be a variation of Cynthia's option. We would proceed with authorization for both programs at the levels of \$50 million and \$23 million (again deleting reference to SSA administration funding for the latter program). In the appropriations process, however, we would seek only \$27 million for the "Bridge" program in FY 2000, with the commitment from OMB and the White House that we would seek the full \$50 million in FY 2001. This would provide immediate "start-up" funding for the Bridge program, and leave offsets of \$23 million in FY 2000 for fully funding the planning and counseling program. It would be far easier to explain the need for "deferred" funding to DOL than to the disability community.

Let me know what you think.

Nickles Amendment #1 -- Medicare Coverage for Working Individuals with Disabilities

Explanation of Chairman's Provision

The proposal would extend Part A coverage for working SSDI beneficiaries engaged in substantial gainful activity from the current 36-month period to a 10 year period following enactment of this bill without requiring beneficiaries to pay the Medicare Part A premium (\$309 per month). In addition, Medicare Part A coverage could continue after the termination of the 10-year period for any individual who is enrolled in the Medicare Part A program for a month that ends the initial 10-year period, without requiring the beneficiaries to pay the premium. The proposal would require the Comptroller General to submit a report to Congress no later than 8 years after the enactment that would examine the effectiveness and cost of extending this coverage without charging a premium.

Cost of Chairman's Proposal

The Chairman's proposal would cost \$1.28 billion over the 10 years (\$249 million over 5 years)

Explanation of Amendment

This amendment would require qualified disabled individuals with annual earnings equal to or greater than the maximum taxable earnings base under Social Security to pay the full cost of the Medicare Part A premium, following the 36-month extended period of eligibility under current law. The amendment would also require the Comptroller General to submit a report to Congress no later than 5 years after the date of enactment that would examine the effectiveness and cost of extending this coverage.

Nickles Amendment #2 -- Medicare Coverage for Working Individuals with Disabilities

Explanation of Chairman's provision

The proposal would extend Part A coverage for working SSDI beneficiaries engaged in substantial gainful activity from the current 36-month period to a 10 year period following enactment of this bill without requiring beneficiaries to pay the Medicare Part A premium (\$309 per month). In addition, Medicare Part A coverage could continue after the termination of the 10-year period for any individual who is enrolled in the Medicare Part A program for a month that ends the initial 10-year period, without requiring the beneficiaries to pay the premium. The proposal would require the Comptroller General to submit a report to Congress no later than 8 years after the enactment that would examine the effectiveness and cost of extending this coverage without charging a premium.

Cost of Chairman's Proposal

The Chairman's proposal would cost \$1.28 billion over the 10 years (\$249 million over 5 years)

Explanation of Amendment

This amendment would modify the Chairman's mark by reducing the extension of Medicare coverage from 10 years to 5 years. In addition, the amendment would require qualified disabled individuals with annual earnings equal to or greater than the maximum taxable earnings base under Social Security to pay the full cost of the Medicare Part A premium, following the 36-month extended period of eligibility under current law. The amendment would also require the Comptroller General to submit a report to Congress no later than 4 years after the date of enactment that would examine the effectiveness and cost of extending this coverage without charging a premium.

Nickles Amendment # 3 -- Medicare Coverage for Working Individuals with Disabilities

Explanation of Chairman's provision

The proposal would extend Part A coverage for working SSDI beneficiaries engaged in substantial gainful activity from the current 36-month period to a 10 year period following enactment of this bill without requiring beneficiaries to pay the Medicare Part A premium (\$309 per month). In addition, Medicare Part A coverage could continue after the termination of the 10-year period for any individual who is enrolled in the Medicare Part A program for a month that ends the initial 10-year period, without requiring the beneficiaries to pay the premium. The proposal would require the Comptroller General to submit a report to Congress no later than 8 years after the enactment that would examine the effectiveness and cost of extending this coverage without charging a premium.

Cost of Chairman's Proposal

The Chairman's proposal would cost \$1.28 billion over the 10 years (\$249 million over 5 years)

Explanation of Amendment

This amendment would modify the Chairman's mark by reducing the extension of Medicare coverage from 10 years to 5 years. The amendment would also require the Comptroller General to submit a report to Congress no later than 4 years after the date of enactment that would examine the effectiveness and cost of extending this coverage without charging a premium.

Nickles Amendment #4 -- Medicaid Coverage for Disabled Individuals

Recent law allowed states to increase the income limit for Medicaid coverage of disabled individuals. The BBA of 1997 allowed states to elect to provide Medicaid coverage to disabled persons who otherwise meet SSI eligibility criteria but have incomes up to 250% of the federal poverty guidelines. Beneficiaries under the more liberal income limit may "buy into" Medicaid by paying premium costs. Premiums are set on a sliding scale based on an individual's income

established by the state.

The Chairman's Mark would remove the 250% cap. This means that there would be no federal income levels for this population under Medicaid.

Amendment

In the event that a state does not require 100 percent premium contribution from the individual for the Medicaid buy-in there will be a limit on income of 350 percent of the federal poverty level for participation in Medicaid.

Hearing tomorrow

Markup "This Spring"

2/3

Jeff-K

Title I

OK

* Sec 103 B

* 60 ^{our} ~~board~~ ^{over} list

* amt of \$ in

demo (Kennedy wants)

→ from HHS from last fall

* Hill → more clear about how demo would work (response - demo/capped)

Title II

① Ball sunsets after 5 years

the ticket

① Bad policy

→ destroys creation of market

→ both providers + consumers won't want sunset

Sec 201

→ Sunset was not in House bill

was added recently to Senate

→ ~~Decided~~ we proposed pilot rollout (no sunset)

② Lose savings (yrs 6-10)

* Bob Williams - add to Sec 103(b)(1)

→ states can use to build home +

~~PIS 7 draft~~

Comm Board Issues

Cardin - Nancy Johnson

Greenwood/Waxman

TITLE II

② LEA §§

201

227

222

were previously trust fund §§

③ ~~Sec~~ 212

→ SSA may have alt proposal
better approach

④

Sec 201

SSA intent = not to pay milestones
unless person is working

⑤

Improvement to CDR lang
(technical)

Title II

Sec 221

Sec 222

Work incentives outreach program

We amend 221

and add 222 program integration

Sec 221

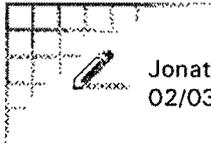
- This funds grants
(but not core SSA rep)

- we haven't changed it

~~Is this one program or two?~~

Is this one program or two?

Is \$23 mi. set aside for benefit counseling?



Jonathan M. Young
02/03/99 05:58:41 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Meeting follow-up

Thanks everyone for joining today. Sorry about the clearance confusion. The extra space in the Roosevelt Room was definitely needed, but I'll have to keep closer tabs on WAVES next time.

TEXT REVIEW: Melinda Haskins of OMB will be circulating information about review of the JKRM WIIA as introduced last Thursday. As I understand from our meeting, she will consolidate comments. Please also send a copy to me.

TIMING: Please provide your comments by this Friday, categorized into two groups: 1) top priority items; and 2) smaller technical issues. We will try to circulate a document early next week and then meet to discuss.

NEXT MEETING: Let's tentatively plan to meet next Wednesday afternoon (2/10). I'll write back with a definite time and place after we gauge process on content suggestions.

CONTACT INFORMATION: With your permission, I would like to circulate phone numbers, fax numbers, and email addresses for this group. Please let me know if that is a problem.

BEDTIME READING: Joanne asked me about my past (and other) life. I'm a Ph.D. candidate in American history at UNC-Chapel Hill, writing my dissertation on the history of the ADA and disability rights movement. If you are interested in a context for disability-related legislation, you might check out what I wrote for the National Council on Disability in 1997 (www.ncd.gov, documents, publications, "Equality of Opportunity: The Making of the Americans with Disabilities Act"). It is interesting to note, for example, that of the 23 Republicans who opposed the ADA in the final House vote, three are the current House Majority leadership: Hastert, Armev, and DeLay. They were among only a 7% minority of all voting members who opposed the ADA.

Message Sent To: _____

**TESTIMONY OF SENATOR EDWARD M. KENNEDY
ON THE WORK INCENTIVES IMPROVEMENT ACT OF 1999**

**SENATE FINANCE COMMITTEE
FEBRUARY 4, 1999**

Mr. Chairman, Senator Jeffords, Senator Moynihan and other members of the Committee, I commend you for holding this hearing today on our bipartisan legislation to remove the barriers that prevent citizens with disabilities from living independent and productive lives.

We know that a large proportion of the 54 million disabled men and women in this country want to work and are able to work, but they are denied the opportunity to do so. They deserve their fair share of our country's prosperity.

For too long, Americans with disabilities have faced unfair penalties if they take jobs and go to work. They are in danger of losing their medical coverage, which could mean the difference between life and death. They are in danger of losing their cash benefits, even if they earn only modest amounts from work. Too often, they face the harsh choice between buying a decent meal and buying their medication.

The Work Incentive Improvement Act which we have proposed will remove these unfair barriers facing people with disabilities who want to work.

- It will continue to make health insurance available and affordable when a disabled person goes to work, or develops a significant disability while working.
- It will gradually phase out the loss of cash benefits as income rises -- instead of the unfair sudden cut-off that so many workers with disabilities face today.
- It will give people with disabilities greater access to the services they need to become successfully employed.

Many leaders on these issues are here today and have worked long and hard and well to help us reach this milestone. They are consumers, family members, citizens, and advocates. They see everyday that the current job programs for people with disabilities are failing them and forcing them into poverty.

They have spent many months helping us develop effective ways to right that wrong -- and to them I say thank you for helping us to prepare this needed legislation. It truly represents legislation by the people and for the people.

When we think of people with disabilities, we tend to think of people who are disabled from birth. But fewer than 15% of all people with disabilities are born with their disabilities. A bicycle accident or fall from a ladder, cancer or HIV can render the healthiest and most physically capable persons among us disabled in an instant. This legislation is important because it offers a

lifeline to all of us today and in the years to come. A disability need not end the American dream. That was the promise of the Americans with Disabilities Act, and this legislation dramatically strengthens our commitment to that promise.

Our goal is to reform and improve existing disability programs, so that they do more to encourage and support every disabled person's dream to work and live independently, and be a productive and contributing member of their community. That goal should be the birthright of all Americans -- and when we say all, we mean all.

A story from the debate over the Americans with Disabilities Act illustrates the point. A postmaster in a town was told that he must make his post office accessible. The building had 20 steep steps leading up to a revolving door at the only entrance. The postmaster questioned the need to make such costly repairs. He said, "I've been here for thirty-five years and in all that time I've yet to see a single customer come in here in a wheelchair."

The road to economic prosperity must be accessible to all Americans -- no matter how many steps stand in the way. That is our goal in this legislation. It is the right thing to do, and it is the cost effective thing to do. And now is the time to do it. For too long, our fellow disabled citizens have been left out and left behind. A new and brighter day is on the horizon for them, and together we can make it a reality.

I commend Chairman Roth, Senator Jeffords, and Senator Moynihan for their bipartisan leadership on this legislation, and I commend the Committee for this early hearing. We now have an excellent opportunity to enact this long overdue legislation, and I look forward to working with the Committee to do so as soon as possible.

Statement by Bob Dole
On the "Work Incentives Improvement Act of 1999"
Senate Finance Committee
February 4, 1999

Chairman Roth, Senator Moynihan, thank you for the opportunity to testify today on an issue that I believe in strongly and personally -- helping remove the barriers to work confronting people with disabilities.

Over the past decade, we have made dramatic improvements in removing many barriers. In particular, I am proud of the Americans with Disabilities Act. It is helping people with disabilities lead more active and integrated lives, and our society is richer for it.

But ADA did not complete the work of removing barriers. Access to health care remains an enormous hurdle confronting people with disabilities who want to work. That is where the "Work Incentives Improvement Act of 1999" can make a big, big difference.

According to a report issued last summer by the National Organization on Disability, 72 percent of unemployed Americans with disabilities want to go to work. Yet, not more than 1 in 500 receiving Social Security disability insurance benefits (SSDI) ever returns to work.

Throughout 1997, the General Accounting Office conducted interviews of SSDI beneficiaries who had gone back to work. These people told GAO that the most important factor in making work possible was health care -- because it helped them function better.

Mr. Chairman, this is very important -- and not hard to understand. Employer-sponsored health insurance is the key factor in separating SSDI beneficiaries who plan to leave the cash benefit rolls and go back to work, from those who stay. Let me say this again -- access to health insurance makes all the difference when it comes to making the leap from the disability rolls to the job rolls.

The "Work Incentives Improvement Act" addresses the health insurance issue head on -- by removing the most fundamental barrier to employment for people with disabilities eager to become tax-paying contributors to our society. We don't find people eager to pay taxes too often -- I say we take these folks up on their offer.

I support the "Work Incentives Improvement Act" and I congratulate members of this Committee for your efforts to move this important legislation forward. It is particularly encouraging to see such strong bipartisan support for the bill in the Finance Committee.

Let me address head-on an objection I have heard raised to this bill -- that this bill would expand entitlement programs.

Let's look at that. The bill creates two new Medicaid options for States to provide health care to people with disabilities. The bill also provides for a demonstration program that allows people who leave the SSDI program to receive Medicare for 10 years, up from 39 months currently.

But, Mr. Chairman, this bill is not about big government, but good government.

This bill will help people break their dependency on cash benefits. This is what Republicans did in welfare reform and we should put the same philosophy to work here.

Because health insurance is vital to enabling people with disabilities to go to work, the bill gives each State the option to allow disabled individuals to purchase Medicaid. And this is not a freebie. States can require people with disabilities to pay 100 percent of premium costs.

No doubt about it, this is a limited, responsible proposal that will help remove the most fundamental barrier to employment for people with disabilities. For a health care bill, its cost is reasonable -- perhaps \$1.2 billion over five years.

The bill was introduced without a specific offset. As you prepare for markup, I would strongly encourage you to avoid pay-for provisions that make reductions in other crucial health care programs.

In the long term, the bill should pay for itself. The cash benefit rolls will decline and more disabled Americans will become workers and taxpayers.

I would be remiss if I did not urge Congress to focus attention on several areas not yet included in the bill. One segment of our health care system that is central to returning the disabled to work was dealt a crippling blow in BBA 97. I am referring to rehabilitation hospitals, facilities and units, without which our disabled rolls would be much greater as their services retrain and rehabilitate many individuals and return them to the work force.

Section 4415 of the Balanced Budget Act of 1997 (BBA) repealed the full incentive payment percentages for PPS-exempt rehabilitation hospitals and units. The BBA also reduced capital payments for PPS-exempt hospitals and units by 15% for FY 1998 - 2002. The combined effect of these provisions has severely hamstrung the ability of these facilities to serve disabled individuals.

Prior to the BBA, qualifying PPS-exempt hospitals were eligible to obtain an incentive payment for keeping their costs below their TEFRA limits. The federal government and these facilities shared in the savings. This system encouraged these facilities to incorporate efficiencies without compromising service or quality for their patients.

The earlier formula actually worked as it was intended. It provided an incentive for PPS-exempt hospitals to keep costs below TEFRA limits while still retaining high quality care. This is evidenced by the fact that patient outcomes have remained the same, despite a decrease in average lengths of stay in PPS-exempt hospitals.

The BBA provision reduces incentive payments so significantly that the payments are unlikely to motivate facilities to further reduce lengths of stay. And there could easily be additional negative ramifications to this misguided policy.

Compounding this situation is the fact that a rehabilitation provider does not have the same opportunity as other providers to shift costs to other payers. Because rehabilitation hospitals are heavily dependent on Medicare, they have few non-Medicare patients on whom they can shift costs. That is because 70% of admissions and 65% of days in rehabilitation are covered by Medicare fee for service. This rate of Medicare utilization is unique among provider groups.

Until the PPS system authorized by the BBA is fully implemented, capital cuts should not be imposed on PPS-exempt rehabilitation hospitals and units. Full payment of capital should continue under the cost-based system because, unlike providers in a PPS system, PPS-exempt providers have no opportunity to make up the loss of capital payments through operating efficiencies. If operating costs go down, so do reimbursements.

For this reason, almost all rehabilitation providers will be paid below cost under the BBA. Please revisit these policies or we will surely see a commensurate increase in the number of disabled receiving payments from Social Security and Supplemental Security, as well as those receiving Medicare and Medicaid.

Finally, a foremost concern of rehabilitation providers is that disabled patients enjoy access to necessary specialists. The disabled frequently face unique health challenges and as Congress considers patient protection legislation, I would hope that Members take these unique needs into account and ensure access to appropriate specialists.

Without access to rehabilitation providers and the extraordinary, comprehensive services they provide, disabled people cannot be reunited with the community where they can achieve maximum independence and flexibility.

Mr. Chairman, I urge this committee to take prompt action. Senators Roth, Moynihan, Jeffords, and Kennedy, I thank you for your leadership, and I thank the committee for the opportunity to appear before you today.

**Statement of Joe Llean, Secretary,
Department of Health and Family Services
State of Wisconsin**

**Testimony Before the Senate Finance Committee
Hearing on the Work Incentives Improvement Act**

February 4, 1999

Statement of Joe Llean
Secretary, Department of Health and Family Services
State of Wisconsin

Testimony Before the Senate Finance Committee

Hearing on the Work Incentives Improvement Act.

February 4, 1999

Mr. Chairman and members of the committee, I am Joe Llean, Secretary of the Wisconsin Department of Health and Family Services. On behalf of Governor Tommy Thompson, our Medicaid Director Peggy Bartels and myself, I appreciate the opportunity to offer support for the Work Incentives Improvement Act.

Removing barriers to employment is a goal that Governor Thompson and I strongly support.

Almost one year ago Governor Thompson indicated support for the intent behind this bill. But he also expressed concern about the cost of the earlier proposal. And since it is important to avoid pitting one group of vulnerable people against another, we want to assure that no fiscal offsets are required from Medicaid or other health and human service programs.

We are pleased that the current bill is responsive to our previous concerns. While the costs have been reduced by 75% compared to the earlier bill, the Act would still make significant progress in removing employment barriers.

As a former chairman of our legislature's Finance Committee, I never supported anything I did not think was fiscally responsible. I believe this bill offers a fiscally sound, cost-effective way to do the right thing.

As more people work, they will pay taxes, climb the economic ladder, and reduce dependency on government programs. If those taxes and savings to all government programs could be taken into account, it is likely that few fiscal offsets would be needed. When more SSI or SSDI beneficiaries work, it is the federal government and social security trust fund that benefits from most of the savings. We at the State

level therefore need your help as we try to enable more people with disabilities to become employed.

Most people with permanent disabilities want to work. New drug regimens, new adaptive aids, advances in personal computers and progress in other technologies make employment more feasible than ever before. A booming economy and the vast, untapped, well-educated talent pool of people with disabilities make it even more important that we act to remove employment barriers now.

We ought to match new private sector advances with new public sector thinking.

We need three things:

- ❖ An Assurance of Continued Health and Long Term Care Coverage
- ❖ A Gradual Reduction of Cash Benefits Instead of "Cliffs"
- ❖ A Comprehensive Approach

Allow me to explain how reforms in these three areas would help.

First, health and long term care coverage: People with significant disabilities depend on the health care system every day. They depend on the personal care attendant who helps a person with quadriplegia get out of the bed each morning, get dressed and eat breakfast. They depend on the drugs that help an individual with mental illness to function every day. They depend on the nurse who trains and assists family members in the cleaning and suctioning of a ventilator that may keep a person with spinal cord injury breathing.

SSI or SSDI beneficiaries risk losing the Medicaid or Medicare coverage that provides these services when they earn more than \$500 per month. Such a loss can be life-threatening. This helps to account for the GAO's finding that less than 1% of SSI and SSDI beneficiaries leave those programs as a result of paid employment.

I am therefore enthusiastic about the proposed options to permit people with disabilities to purchase Medicaid coverage. Why is Medicaid so important? It is the only health program that can cover the personal care, drugs and specialized transportation needs of people with disabilities such as spinal cord injury.

The Act would also extend the current 4-year period of Medicare eligibility for someone on SSDI. This is very important. Many people who have recently gone to work with help from our *Pathways to Independence* Program have told us they will need to quit their new jobs if Medicare coverage ends.

One such person is Ken Adell. Ken has quadriplegia. Even though he can move only his head, Ken operates his computer expertly with the help of some adaptive aids. He excels in his job maintaining Internet sites and a toll-free telephone service. In 14 months Ken's health coverage under Medicare is scheduled to expire. Ken does not have private health insurance. When his Medicare terminates, Ken will also lose his "disability status" and be ineligible to buy into Medicaid. Because Medicare and Medicaid pay for the health care he needs to live, Ken does not see a possibility for continued work if his Medicare coverage ends.

Second, reduce benefits gradually as income rises: This second reform is important to "make work pay." SSDI beneficiaries are often shocked to learn that their cash payments are reduced to zero after nine months in which they earn more than \$500 per month. This "cliff" scares people off from being able to see a future in which they might become employed.

I am therefore pleased to see that the Work Incentives Improvement Act directs the Social Security Administration to conduct some demonstrations in which the SSDI cash benefits are reduced in a more gradual manner. We would like to be the first enthusiastic state you select to work with you on such a demonstration. (*After, perhaps, Vermont, Mass, NY and Delaware!*).

A Comprehensive Approach: We are very pleased to see that the Work Incentives Improvement Act contains funding for states to sponsor local demonstrations.

We would like to demonstrate the value of health care, vocational rehabilitation, and employment services in a single comprehensive, coordinated design that is built on a public-private partnership. With help from the Social Security Administration, we recently developed a program called *Pathways to Independence* to assist thousands of people with disabilities to work - but we need your continued collaboration. I leave with you a short description of our program.

I look forward to working with you to make *Pathways* a success and appreciate the new tools which this Act would provide.

Suggestions

What would make this good bill even better?

Two modest suggestions:

First, allow states a reasonable time period in which to phase in the new Medicaid options. The proposed bill would require a state to implement the options statewide, immediately. It would be more feasible for us to begin with certain geographical areas and then expand to statewideness in a reasonable period of time. We suggest not a waiver of statewideness, but simply a non-waiver provision in the legislation allowing states a little time to achieve statewideness in the new Medicaid options.

Second, allow states to set a minimum level of earnings in order for a person to qualify for either of the new Medicaid options. This would help states to ensure adequate employment outcomes.

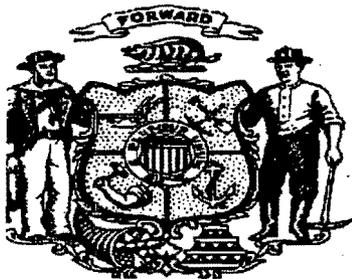
Conclusion

On behalf of Governor Thompson and myself, I would like to thank you for the opportunity to speak with you today. With this bill and your partnership in new demonstrations, we hope employers will be able to enlist the full potential of the workforce, and that many more people like Ken Adell will experience new careers as wage-earners, taxpayers, and working citizens in our communities.

Tommy G. Thompson
Governor

Joe Leean
Secretary, DHFS

Linda Stewart
Secretary, DWD



State of Wisconsin

Department of Health and Family
Services, P.O. Box 7850 Madison, WI

Department of Workforce
Development

Pathways to Independence

*Enhancing the Wisconsin Workforce
Through More Reliable Health and Support Systems
For People with Disabilities*

January 1999

***Enhancing the Workforce
Through More Reliable Health and Support Systems
for Persons with Disabilities***

The Problem: The U.S. General Accounting Office has calculated that less than 1% of SSI or SSDI beneficiaries leave those programs each year as a result of paid employment. Of those who leave, about 1/3 return within 3 years.

More than 6.6 million Americans have a permanent disability and receive income support from the Social Security Trust Fund ("SSDI") or Supplemental Security Income ("SSI").

The federal government spent \$36.6 billion dollars in the SSDI program in 1995, and \$20.6 billion in SSI. Many states add their own funds to these federal SSI amounts to ensure an adequate financial safety net. Wisconsin adds approximately \$127 million per year. The State has about 63,000 working-age SSI beneficiaries. Approximately 75,000 disabled workers receive SSDI in Wisconsin and an additional 30,000 worker-dependents receive SSDI.

Most people with disabilities want to work. Employers are increasingly interested in employing people with disabilities. Advances in technology offer employment hope even for those with the most severe disabilities. Removal of the following problems could significantly increase the employment of people with disabilities.

- ❖ ***Loss of Health and Long Term Care Coverage:*** The potential loss of Medicaid and Medicare is cited by SSI and SSDI beneficiaries as one of the most important barriers to paid employment. Earnings in excess of \$500/month for more than 9 months jeopardize such coverage. Because people with significant disabilities rely on the health care system for their ability to live, employment that jeopardizes health care is perceived as life-threatening. *What is required is a very simple, clear-cut guarantee of continued health coverage.*
- ❖ ***Falling Off the Eligibility Cliffs:*** The "All or Nothing" approach to cash assistance and health coverage is another barrier. SSDI checks are eliminated entirely when an individual earns more than \$500/month in any random nine months over the most recent 5-year period. In addition, each federal program acts independently to reduce benefits as earnings increase. For example, HUD rent subsidies are reduced 30% for each dollar earned. SSI is reduced 50%. Food stamps are reduced by 25%. The cumulative effect of benefit reductions, increased taxes and work expenses can mean that the cost of working approaches or exceeds total earnings. *What is required is a gradual and coordinated reduction of benefits which will guarantee that "work pays."*
- ❖ ***Fragmented and Inadequate Supports:*** People with disabilities often depend on many different public programs. Such programs are uncoordinated and sometimes act at cross-purposes. People with disabilities are unusually reliant upon dependable support systems in order to work: transportation systems which match a job schedule; reliable personal attendant care for people in wheelchairs; computers; vocational training; worksite accommodations; timely medication

management; mental health assistance. There exist no programs which can "pull all the pieces together." There is no program which can intercede quickly when there are breakdowns.

Implications for Action: Since almost no beneficiaries leave SSI/SSDI as a result of paid employment, it would be of virtually no cost to the State and Federal governments to continue the Medicaid/Medicare coverage of current beneficiaries if they can secure paid employment. This would remove the impediment which people with severe disabilities fear most. If employment rates increase it would also be of little cost to remove the current "cliffs" in cash assistance in SSI, SSDI, and HUD programs.

Wisconsin Pathways to Independence

The Wisconsin Department of Health and Family Services and the Department of Workforce Development are working jointly to create a powerful initiative to increase employment on the part of people with significant disabilities.

Federal waivers and passage of some of the provisions in the federally-proposed Work Incentives Improvement Act would be necessary for *Pathways* to achieve its full potential. The key concepts are:

A. Simplified Access to Comprehensive Help: Enrollees will be able to consult with a single team which can offer coordinated access to all professionals and programs that may assist them in achieving their employment goals. These local *Comprehensive Assistance Networks* mobilize all available vocational, educational, health and supportive services. Each organization works with the local vocational rehabilitation district to assure needed training, worksite accommodations and adaptive aids. The organization recruits employers to match abilities of the individual with the employers' requirements. The goal is to break down the barriers between isolated health, long term care, vocational, educational, and cash assistance programs so that all services can be aligned in support of vocational goals. Greater coordination as well as new flexibility in funding among all support programs will reduce fragmentation.

Current Status: With assistance from the Robert Wood Johnson Foundation, local pilot tests have confirmed the value of team-based comprehensive approaches for both persons with physical disabilities and people with mental illness. Research associated with these efforts indicates a strong potential for benefits to the individual and for public financial savings. With assistance from the Social Security Administration, a request for proposals was issued in December 1998 to expand this concept. Over 70 public and private agencies have indicated their intent to submit a proposal to establish a local Comprehensive Assistance Network. Selections will be made in March 1999 for the initial 10 expansion sites.

B. Remove Employment Barriers: In *Pathways to Independence* we seek to remove systemic barriers to employment which result from public policy. The plan is to incorporate the following features:

- ❖ **Health/LTC Security:** Guarantee continued Medicaid and/or Medicare coverage for up to 1800 current SSI and SSDI beneficiaries in 15-20 sites who enroll in the work program over a five-year period. If enrollees secure employment paying over \$500/ month, they would be assured of continued coverage regardless of earnings (and regardless of assets which result from earnings.) People with physical disabilities, mental illness, developmental disabilities, or HIV-AIDS would be included.

Current Status: A Medicaid waiver will be submitted in March 1999 to add security and to simplify eligibility for people already receiving Medicaid, provided they become employed or increase their earnings. A Medicare waiver to extend Medicare beyond the current 39-month period will be submitted if the Social Security Administration's authority to grant waivers is restored by Congress.

In addition, the Pathways Medicaid Purchase Plan has been designed to provide access to health care on the part of people without current Medicaid coverage but who meet the SSDI disability test. Governor Thompson's proposed budget for 1999-2001 contains legislation to permit people with significant disabilities to purchase Medicaid coverage if their net family incomes are less than 250% of the federal poverty level and they are employed or enroll in a work program. This would implement an important State option in the Balanced Budget Act passed by Congress in 1997.

- ❖ **Gradual Reduction of Cash Assistance:** Replace the "all or nothing cliff" in eligibility for SSDI payments in favor of a sliding scale. Coordinate the benefit reductions of other federal and state programs so that a reasonable amount of discretionary net income remains, and "work pays."

Current Status: An SSI waiver will be submitted in February 1999. An SSDI waiver will be submitted if Congress restores the authority of the Social Security Administration to grant demonstration waivers.

- ❖ **Research:** A strong research design will document demonstration results for the three target groups. Analysis of comparison or control groups, together with comprehensive tracking of changes in public costs, will enable us to assess the potential impact of any larger-scale public policy changes.

Building on Experience: Essential elements of this demonstration have already been pre-tested in Wisconsin with help from the Robert Wood Johnson Foundation. The Vocational Futures Planning model developed through such RWJ-F assistance has assisted many people with significant physical

disabilities to become employed. However, the successes are fragile. The experiences of such people indicate that without removal of key employment barriers described earlier, successes achieved so far will be hard to replicate or sustain.

One such successful person is Ken Adell. Ken has quadriplegia. Even though he can move only his head, Mr. Adell operates his computer with consummate skill. With help from adaptive aids, Ken excels in his job maintaining Internet sites and operating a toll-free telephone service. Ken earns about \$27,000 per year. Not only has he worked off his SSDI payments, but he also contributes about \$12,000 per year toward the cost of his medical care and pays over \$2,000 per year in taxes. The problem is that in 14 months Ken's health coverage under Medicare is scheduled to expire. Ken does not have private health insurance. When his Medicare ends Ken will also lose his "disability status" and be ineligible to buy into Medicaid. Because Medicare and Medicaid pay for the health care he needs to live, Ken does not see a possibility for continued work if his Medicare coverage ends.

Governor Tommy Thompson has committed his Administration to securing both the funds and federal waivers necessary for *Pathways to Independence* to be a success. In his 1998 "State of the State" address he urged a speedy solution:

"We are wasting too much talent by allowing legitimate fears over health care to keep people with disabilities out of the workforce. Give them their freedom by protecting their health."



State of

Wisconsin

***Department of Health and Family Services
Department of Workforce Development***

For more information about
Wisconsin Pathways to Independence Program, contact:

Mr. Thomas E. Hamilton, Director
Center for Delivery Systems Development
Department of Health and Family Services
P.O. Box 7850
Madison, WI 53707-7850

Ph: 608-266-9304 E-Mail: Hamilte@dhfs.state.wi.us

Good morning, my name is Larry Henderson; I'm the executive Director of Independent Resources. Delaware's only statewide Center for independent living. Centers for Independent Living are not social service agencies, but rather, resource centers for persons with disabilities and the communities in which they reside. What's the difference.....we don't do much FOR people, we do a lot WITH people. What an individual gets from a Center is directed by that individual. We respect individual diversity and we support personal choice.

As an organization, we work with individuals with significant disabilities, helping them live as independently as they want.

First and foremost, we are an advocacy organization. Other services we offer consists of: independent living skills training, peer support, information and referral. We are the only consumer driven organization in the state, that means that over 51% of both staff and board of directors are themselves persons with disabilities.

Most of the individuals we work with want no more than the rest us do; an opportunity to lead a productive life and be gainfully employed. Herein lies the problem for many organizations like mine.

We can provide the training to insure that the individual is prepared to do the job, we can help them arrange the transportation needed to get to and from the job site, we can even instruct a consumer to ask for reasonable accommodations when necessary; what we can't do is take away the fears that surround the loss of benefits. In particular the costs associated with attendant services and other medical coverage that is so difficult for a person with a disability to get.

Attendant care is expensive. The average cost for attendant services, in Delaware, ranges from \$14.00 to \$16.00 an hour. This is an expense that most people entering the workforce cannot afford. Individuals can spend as much as 50% of their total income on just attendant services.

When people come to us they are ready to live an independent life. Reality dictates that employment must be a goal. When faced with this major barrier, its up to the individual as to whether it's worth the risk. Out of the 140 consumers that we assisted last year 75% faced the decision between loss of benefits verses employment. A mere 5% chose to take the risk. The alternative for others is to do

volunteer work. As a result, many qualified individuals are relegated to volunteer positions.

This is not meant to denigrate volunteer positions; however, nothing builds self-esteem like a pay check. The Work Incentives Act would make our jobs easier because consumers would not be forced to choose between employment and medical coverage. Under the Work Incentives Act, persons with disabilities entering the workforce, could maintain the coverage they were previously receiving under Social Security or Medicaid on a sliding scale, creating a "no fear" transition for those individuals we work with.

People with disabilities are in a catch-22 situation. They want to work but if they work they'll lose the medication or attendant services they need to let them work. The Work Incentives Act would end this Catch-22 by extending the medical coverage that would allow those individuals who choose work to do so. Putting people to work, where they can pay taxes and contribute to the community would be a much better use of our tax dollars.

This would help my organization a great deal in assisting people with disabilities to live independent lives.

**SENATE FINANCE COMMITTEE HEARING ON
THE WORK INCENTIVES IMPROVEMENT ACT OF 1999
FEBRUARY 4, 1999**

Hello, Chairman Roth, Senator Moynihan and other members of the Finance Committee. My name is Joann Elliot and I would like to thank you all very much for holding a hearing on work incentives for individuals with disabilities like myself. I appreciate this opportunity to tell you my story. Hopefully, I can make a difference because that is what I am all about -- making a difference. I am just one of the Americans with disabilities that can benefit from this bill but know that there are other Americans just like me who want to work, who can work but would lose health care coverage I need.

Let me tell you my story. I started working when I was 22 years old -- I worked at St. Elizabeth's Hospital in food service for almost 20 years. I really enjoyed my job. My job provided basic health coverage. I was saving for retirement through my job, and was on the verge of buying a home. On last Friday in January, 1991, I was at work and life was normal.

That following Monday, I had a massive stroke, which left me paralyzed on my left side. I was devastated when that happened. My life changed totally. As you can see, I need a wheelchair to get around as well as other special equipment to function. I require a personal care assistant in the morning to help me bathe, get dressed among other essential daily activities. In addition, I take medications for my high blood pressure and I get rehabilitative therapy to keep me loose.

Eight years ago, I was healthy and working just like you all. I would have never thought this would happen to me. But it did just as easily as it could happen to

anyone else. If not a stroke, it could be a car accident or being diagnosed with a serious disease.

After the stroke I had to leave my job. Now, I receive my disability benefits (Social Security Disability Insurance or SSDI) and Medicare. With no job, my income was so low, I also qualified Medicaid coverage. For me, Medicaid was god-send: Medicaid covers my personal care assistance for helping with my basic daily activities. It also covers my prescriptions, special equipment, therapy and certain transportation. Most insurance plans offered at work do not cover my care.

It would be a nightmare without Medicaid. Without these services, I might as well be in a nursing home. I have already lost a lot of my independence from the stroke. However, without Medicaid, I would totally lose my independence.

I don't like staying at home. I want to get out and be productive. However, if I get a job with even a modest income, I would lose my Medicaid coverage. As much as I want to work, I am too scared of losing my Medicaid. What would I do without those services? The irony is I need Medicaid to work but if I work I lose Medicaid. It's a sad circle.

So, I am trying to do something with myself. I do some volunteer work at the DC Center for Independent Living. Of course, I would like to get paid. I still have bills to pay and rent that keeps growing. I was offered a job in 1994 at the DC Center. I would have made about \$7 per hour. That income would have helped with the bills but it would have disqualified me for Medicaid. I couldn't afford that even with the insurance offered at that job. That insurance would not cover all the services I need. So, I had to turn down the job offer.

If I could keep my Medicaid while I work, even if I had to pay a modest premium, it would make me so happy. I would go to work tomorrow. I want to be doing something with myself. I am not giving up. I just enrolled in a job-readiness program for persons with disabilities. My goal is to be employed someday.

If you could pass this bill -- the Work Incentive Improvement Act -- I would have a chance to keep my Medicaid and Medicare AND work. It's about work and it's about my independence. You don't know how happy that would make me and other people with disabilities.

I am glad that the Senate Finance committee is putting things into light and pushing to remove the negative thoughts about disabled individuals. Chairman, it warms my heart to know you understand my situation and are pushing to make the changes in law necessary to allow me to be self-sufficient.

Thank you again, for letting me tell my story and I am happy to answer any of your questions.

**Testimony on
Health Care Barriers to
Persons with Disabilities who want to Work:
in Support of S. 331
The Work Incentives
Improvement Act of 1999**

**Respectfully submitted to
United States Senate
Committee on Finance**

February 4, 1999

by

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INTRODUCTION

My name is Allan Bergman. I am the President and Chief Executive Officer of the Brain Injury Association. Founded in 1980, BIA is the only national voluntary association dedicated to the full range of issues related to traumatic brain injury: from prevention to trauma care to acute care to in and outpatient rehabilitation to long term supports for community integration and quality of life as well as research and public awareness. What began as a small group of concerned family members and professionals has grown into a national organization with 43 State Associations, over 800 local support groups and thousands of individual members.

I have been a professional in disability for 31 years and have been privileged to help create opportunities which have resulted in great strides in the perception of and actual capacity and contribution of persons with disabilities – intellectual, cognitive, physical, sensory and psychiatric. During the past fifteen years I have devoted a significant portion of my career to disability and health policy – both acute care and long term care – as well as the opportunities and challenges in the use of managed care technology for people with severe, lifelong disabilities and chronic illnesses. I also bring the perspective of the father of a young woman with disabilities in the work force and a step-daughter with severe and multiple disabilities who is contributing to her community in a very responsible fashion everyday in return for her public benefits.

On behalf of BIA, we are pleased lend our support to S.331. The Work Incentives Improvement Act of 1999, and commend its lead sponsors, Senators Jeffords, Kennedy, Roth and Moynihan as well as the numerous cosponsors on both sides of the aisle for this very significant piece of legislation that will enable many Americans with disabilities who want to work to be able to do so with incentives, choice and no risk of losing their vital health insurance for prescription drugs, therapies, durable medical equipment, mental health services and personal assistance services. The sponsors and their staffs have worked very closely with members of the disability community and other stakeholders to reach the consensus we now have on this critically needed legislation. We are also pleased to note the support of President Clinton and the Administration as part of the President's FY 2000 Budget.

TRAUMATIC BRAIN INJURY

Traumatic brain injury (TBI) is defined as an insult to the brain, not of a degenerative or congenital nature but caused by an external physical force, that may produce a diminished or altered state of consciousness, which results in an impairment of cognitive abilities and/or physical functioning. TBI can also result in the disturbance of behavioral or emotional functioning.

Traumatic brain injury has become the number one killer and cause of disability of young people in the United States. Almost one half of all traumatic brain injuries result from transportation - related incidents. Most of the remainder result from falls, assaults, sports

and recreation and firearm - related injuries. Each of us and the members of our family and our friends are at risk everyday of joining this population!

Long known as the “silent epidemic”, TBI can strike anyone – infant, youth or elderly persons – without warning, and often with significant and life long consequences. Traumatic brain injury affects the whole family and often results in huge medical and rehabilitation expenses over a lifetime. Advances in medical technology and improvements in regional trauma services have increased the number of survivors of T.B.I., producing the social consequences and medical challenges of a daily growing pool of people with disabilities on the road to recovery.

An estimated 2 million Americans experience traumatic brain injuries each year. About half of these cases result in at least short-term disability, and 51,000 people die as a result of their injuries. Each year, approximately 260,000 persons require hospitalization for TBI (30% of which show disabilities a year post injury), and over 1 million people receive emergency medical care for TBI. The Brain Injury Association estimates the cost of TBI in the United States at more than \$48 billion annually. Every year about 90,000 people sustain severe brain injuries leading to long term disability. CDC has recently estimated that there are 5.1 million persons living with long term, severe disability as a result of brain injury and as many as 6.5 million person living with some form of injury including mild and moderate brain injuries.

A recent report on Rehabilitation for Traumatic Brain Injury prepared by the Oregon Health Sciences University for the NIH Consensus Conference on T.B.I. in October 1998 states that “Class II evidence indicates that supported employment can improve the vocational outcomes of T.B.I. survivors. (Studies rated as Class II were randomized controlled trials - RCT’s – with design flaws; well done, prospective, quasiexperimental or longitudinal studies, and case control studies).

Persons with a long term disability as a result of traumatic brain injury want to work and are capable of remunerative employment with appropriate supports. In order to remain employed, however, persons with T.B.I., like most people with disabilities, need consistency and continuity of health care services and long term supports. The need for these services is documented in a February 27, 1998 report from the U.S. General Accounting Office to the Honorable Thomas J. Bliley, Jr., Chairman, Committee on Commerce of the House of Representative and the Honorable James Greenwood of the House of Representatives (GAO/HEHS 98 – 55 TBI). “Both the private and public sectors finance acute care services to adults with T.B.I. When the individual progresses past the acute phase, private health insurance typically limits coverage of rehabilitation therapies and does not cover long term care or community based support services. As families exhaust their financial resources, the public sector pays for a greater share of the services received – exceptions are those individuals injured on the job and thus covered by worker’s compensation.” Many individuals with T.B.I. and commercial insurance often exhaust their policy lifetime cap of \$5000,000 or \$1 million within 3-5 years after the injury and then fully access public benefits.

HISTORICAL POLICY CONTEXT

How did we get here and why is this legislation necessary?

A. SOCIAL SECURITY DISABILITY INSURANCE (SSDI)

The SSDI benefit was created as an amendment to the Social Security Act in 1956, for workers ages 50-64 who become "disabled" and in 1960 was amended to include workers under the age of 50 who become "disabled" who had paid into the trust fund for 20 of the previous 40 quarters. In 1956, benefits also were extended to children with disabilities over the age of 18 (DAC) of retired, disabled or deceased workers, if the disability of the child occurred prior to age 18. In 1973, consistent with changes in the definition of developmental disabilities in the Developmental Disabilities Assistance and Bill of Rights Act, the definition of the child benefit was changed to age of onset prior to 22.

Generally, disability is defined as the inability to engage in "substantial gainful activity" by reason of a physical or mental impairment. The impairment must be medically determinable and expected to last for not less than 12 months, or to result in death. Applicants may be determined to be disabled only if, due to such an impairment, they are unable to engage in any kind of substantial gainful work, considering their age, education, and work experience.

The first step in the disability determination process for a worker is to determine if the individual is engaging in substantial gainful activity (SGA) which for most people is defined as more than \$500 per month – which is nearly \$2,000 per year less than the federal poverty level. The next step in the process is to determine if the impairment is "not severe" (i.e. it does not significantly limit the individual's capacity to perform work.) If the impairment is "severe", a determination is made as to whether the impairment "meets" or "equals" the medical listings published in regulations by SSA and whether it will last for 12 months. The process continues through numerous steps. SSDI benefits are not paid until the beginning of the sixth full month of disability. As of December 1996, there are 4.386 million persons receiving SSDI with an average monthly benefit of \$704. Unfortunately, the number of SSDI beneficiaries working in September 1997 was only 318,728 (or 6.1% of the SSDI caseload). The percentage of people with disabilities earning over \$500 per month after trial work period and extended eligibility is 0.33%.

The age distribution and medical listing categories are depicted in the charts below from the SSA.

TABLE 1-31.—PERCENT DISTRIBUTION BY AGE, SEX AND EDUCATION OF TITLE II DISABLED WORKER BENEFICIARIES GRANTED BENEFITS IN SELECTED CALENDAR YEARS 1970-96, COMPARED WITH ADULT U.S. POPULATION IN 1990

Characteristics	Year granted benefits														1996 Adult U.S. population ¹
	1970	1975	1979	1982	1985	1988	1989	1990	1991	1992	1993	1994	1995	1996	
Age:															
Under 35	9.0	11.0	13.6	14.4	16.8	15.2	16.2	15.7	15.7	16.8	16.2	14.7	13.3	12.3	45.6
35-44	11.0	10.0	11.5	12.3	15.0	16.5	17.9	18.7	19.6	20.4	20.9	20.7	20.4	20.4	24.4
45-54	26.0	26.0	27.2	26.5	25.7	23.3	24.7	24.7	25.1	25.6	26.8	27.7	28.3	29.7	16.3
55-59	24.0	23.0	27.0	27.2	23.9	20.6	20.4	19.9	19.5	18.5	18.6	19.2	19.9	20.0	6.8
60 and over	30.0	30.0	20.6	19.6	18.7	24.4	20.9	21.0	20.1	18.7	17.6	17.8	18.0	17.4	6.9
Median age (years)	56.0	55.6	53.4	53.1	51.7	53.3	52.1	51.9	51.4	50.5	50.3	50.8	51.3	51.3	32.9
Sex:															
Male	74	68	69	70	67	66	64	64	64	63	62	60	58.4	56.7	49.5
Female	26	32	31	30	33	34	36	36	36	37	38	40	41.4	43.2	50.5
Education (years of school completed):															
No schooling ²	2	1	1	1	2	1	1	1	1	1	1	1	NA	1	1
Elementary school (1-8)	44	37	29	26	23	18	17	16	16	12	11	12	NA	10	9
Some high school	46	52	55	56	59	59	60	62	62	50	45	55	NA	58	45
9-11	23	24	23	22	22	20	19	19	19	15	14	16	NA	16	11
12	23	28	32	34	37	39	41	43	43	35	31	39	NA	42	34
Some college	9	10	12	14	14	15	17	17	17	14	12	16	NA	3	45
Unknown	0	0	3	3	2	7	5	5	5	23	31	16	NA	28	0

¹ Derived from 1990 census. Figures for age based on population aged 18-64. Figures for education based on persons aged 25 and over.

² Also includes special schools for handicapped.

NA—Not available.

Source: Office of Disability, Social Security Administration.

TABLE 1-32.—PERCENT DISTRIBUTION BY DISABLING CONDITION OF TITLE II DISABLED WORKER BENEFICIARIES GRANTED BENEFITS IN SELECTED CALENDAR YEARS, 1970-96

Disabling condition	Year granted benefits													
	1970	1975	1979	1982	1985	1988	1989	1990	1991	1992	1993	1994	1995	1996
Infective and parasitic diseases ¹	3	1	1	1	1	0	1	6	6	7	7	6	6	5
Neoplasms	10	10	14	17	15	16	18	17	16	13	15	16	16	17
Allergic, endocrine system, metabolic and nutritional diseases	4	3	3	4	5	3	3	3	4	5	5	5	5	5
Mental, psychoneurotic and personality disorders	11	11	11	11	18	22	22	23	24	25	26	24	22	22
Diseases of the nervous system and sense organs	6	7	8	9	8	8	9	9	8	8	7	8	8	8
Circulatory system	31	32	28	25	19	18	17	16	15	14	15	14	14	14
Respiratory system	7	7	6	7	5	5	5	5	5	4	5	5	5	5
Digestive system	3	3	2	2	2	2	2	2	2	2	2	2	2	2
Musculoskeletal	15	17	17	16	13	14	11	12	13	13	12	12	12	12
Accidents, poisonings and violence	8	6	6	6	4	5	4	4	4	4	3	3	3	4
Other/unknown	2	3	3	2	11	7	9	5	5	5	5	6	6	6
Total percent²	100	100	100	100	100	100	100	100	100	100	100	100	100	100

¹ Beginning in 1990, AIDS/HIV cases are included in this category.

² May not add to 100 percent due to rounding.

Source: Office of Disability, Social Security Administration.

B. MEDICARE LINKAGE

After a two year waiting period, SSDI also entitles beneficiaries to Medicare. In 1996, 4.8 million Americans with disabilities had coverage under Part A and 1.0 million of them actually received reimbursed services. Persons receiving SSDI may

elect to enroll in Part B. In 1996, 4.1 million SSDI beneficiaries enrolled in Part B and 3.3 million of them actually received reimbursable services.

If the beneficiary is successful in testing their ability to return to work ("trial work period" of up to nine months and a 36 month "extended period of eligibility"), Medicare coverage continues as long as the individual remains entitled to disability benefits. When Medicare entitlement ends because the person is engaging in SGA, but the person is still "medically disabled", the person may purchase Medicare insurance at a current premium of \$317 per month for Part A and \$43.80 per month for Part B.

Moreover, the Medicare benefit package does not offer prescription drug coverage nor does it offer non-medical personal care or personal assistance services; two critical and often costly benefits necessary either singly or in combination for many people with disabilities to work and to live in the community.

C. SUPPLEMENTAL SECURITY INCOME (S.S.I.)

The Supplemental Security Income (SSI) program, Title XVI of the Social Security Act, was enacted in 1972 as a means tested, (income and resource limitations) income assistance program. It replaced the former Federal-State Programs of Old-Age Assistance and Aid to the Needy Blind established in 1935 as well as the Program of Aid to the Permanently and Totally Disabled enacted in 1950. All but seven states – Arkansas, Georgia, Kansas, Mississippi, Tennessee, Texas and West Virginia provide some form of state optional supplementary payment.

To qualify for SSI payments, a person must satisfy the program criteria for, blindness or disability. Individuals with 20/200 vision or less with the use of correcting lens in the person's better eye, or those with tunnel vision of 20 degrees or less are defined blind. Disabled individuals are those unable to engage in any substantial gainful activity by reason of a medically determined physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for a continuous period of at least 12 months. The test of "substantial gainful activity" is to earn \$500 monthly in counted income, with impairment-related expenses subtracted from earnings.

At the end of 1996 there were 236,000 SSI recipients between the ages of 18 and 21 and 3,337,000 SSI recipients between the ages of 22 and 64. In addition, there were 958,000 children under the age 18 receiving SSI. The maximum SSI payment in 1997 was \$484 per month for one person and \$726 per month for a couple. Less than two percent of the 18-64 year old recipients are engaged in the section 1619(a) and 1619 (b) work incentive programs. Approximately 40% of the SSI recipients between the ages of 18 and 64 also receive social security benefits.

A breakdown of the SSI population by broad diagnosis is as follows:

TABLE 3-13.—DISABILITY DIAGNOSIS OF SSI AND SECTION 1619 DISABILITY RECIPIENTS, DECEMBER 1996¹

(Percentage distribution by diagnostic group)

Diagnostic group	Supplemental Security income (SSI)		
	All SSI disabled 18-64 yrs	SSI section 1619(a) participants	SSI section 1619(b) participants
Infectious and parasitic diseases	1.7	1.1	1.5
Neoplasms	1.4	1.3	1.6
Endocrine, nutritional, and metabolic disorders	4.3	2.1	2.7
Mental disorders:			
Schizophrenia	8.9	9.6	11.6
Other psychiatric	21.5	19.3	20.0
Mental retardation	28.4	46.6	38.6
Diseases of:			
Nervous system and sense organs ²	10.1	12.1	13.3
Circulatory system	4.9	1.5	2.3
Respiratory system	2.7	1.0	1.0
Digestive system	0.7	0.4	0.6
Genito-urinary system	0.9	1.1	1.6
Musculoskeletal system and connective tissues	7.3	3.0	4.4
Congenital anomalies	1.7	0.9	0.8
Injury and poisoning	2.7	2.2	3.3
Other	2.7	1.3	1.2
Total percent	100.0	100.0	100.0
Total individuals ³	4,375,650	23,101	34,909

¹ Information on diagnosis of SSI disabled recipients under age 65 is from the December 1995 SSI 10-percent disability file. Information on diagnosis for section 1619 recipients is available from SSI source files.

² Most of the section 1619(b) participants who are classified as blind individuals are included in this category. A few section 1619(b) blind participants have a primary impairment other than diseases of the eye and are coded in other categories in this table. Also, there are a few participants classified as having diseases of the eye who are not blind, whose impairment does not meet the definition of blindness, and are classified as disabled.

³ Includes only recipients whose diagnosis information is specifically identified on the source files.

Source: Office of Supplemental Security Income, Social Security Administration.

D. MEDICAID

Medicaid, Title XIX of the Social Security Act, was enacted in 1965 as a means tested program (income, assets and resources) of health insurance and long term care. In all but 11 states (the section 209(b) states of Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Dakota, Ohio, Oklahoma and Virginia) a recipient of SSI is federally entitled to Medicaid. In the 11 states, the state determines disability eligibility which may be more restrictive than SSI criteria. Medicaid is a Federal-State matching funds program that mandates a core set of benefits for all recipients and provides the states the option of 34 additional benefits, many of which are very important to persons with disabilities.

The mandated benefits are:

- Inpatient hospital services
- Outpatient hospital services
- Rural health clinic (including federally-qualified health center) services
- Other laboratory and x-ray services
- Nurse Practitioner's services
- Nursing facility (NF) services and home health services for individuals age 21 and older
- Early and periodic screening, diagnosis, and treatment (EPSDT) for individuals under age 21
- Family planning services and supplies
- Physicians' services and medical and surgical services of a dentist

- Nurse-Midwife services

The optional benefits are: (*are benefits often needed by persons with disabilities)

- Podiatrists' services
- Optometrists' services
- Chiropractors' services
- Psychologists' services*
- Medial Social Workers' services
- Nurse Anesthetists' services
- Private Duty Nursing
- Clinic services
- Dental services
- Physical therapy*
- Occupational therapy*
- Speech, hearing and language disorders*
- Prescribed drugs*
- Dentures
- Prosthetic devices*
- Eyeglasses*
- Diagnostic services
- Screening services
- Preventative services
- Rehabilitative services*
- Age 65 or older in IMDs
- Inpatient psychiatric services for under age 21
- Christian Science nurses
- Christian Science sanatoriums
- NF services for under age 21
- Emergency hospital services
- Personal care services*
- Home and Community-based waiver services*
- Transportation services
- Case management services
- Hospice care services
- Respiratory care services*
- TB-related services

Today all states offer Medicaid beneficiaries the prescription drug benefit.

The following states offer a personal care benefit; however, the states define the amount, duration and scope of the benefit as well as the provider standards and payment methodology and rates.

- Alaska
- Arkansas
- California
- Delaware
- District of Columbia
- Idaho
- Iowa
- Kansas
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Montana
- Nebraska
- Nevada
- New Hampshire
- New Jersey
- New York
- North Carolina
- Oklahoma
- Oregon
- Rhode Island
- South Dakota
- Texas
- Utah
- Vermont
- Washington
- West Virginia
- Wisconsin

The passage of the Home and Community Based Services Waiver Option in 1981 has permitted many persons with disabilities to leave institutions and allowed many persons with disabilities to live in the community. In 1986, amendments to the H-CB waiver authority added supported employment as a habilitation service for persons previously institutionalized. In the Balanced Budget Act (BBA) of 1997 that provision was further amended to allow H-CB waiver supported employment services to anyone receiving H-CB services.

The BBA also included a provision allowing states to expand eligibility for Medicaid to persons with disabilities who meet the SSI disability "test" and are working, up to 250% of the federal poverty level and to impose a sliding scale for premiums sharing.

THE DISABILITY RIGHTS MOVEMENT

The early years of federal disability policy focused almost exclusively on establishing people with disabilities as citizens with cash assistance, health insurance and the full protection of the United States Constitution. As I stated earlier SSDI was enacted in 1956 and SSI in 1972. It was not until 1973 that Section 504 of the Rehabilitation Act was enacted to prevent discrimination against qualified people with disabilities by entities receiving federal funds. In 1975 this country enacted the Education for All Handicapped Children's Act. In 1990 this country enacted landmark, internationally acclaimed civil rights legislation with the Americans with Disabilities Act (ADA). In the ADA we declared that disability is a natural part of the human condition which in no way diminishes the rights of and opportunities for people with disabilities to participate fully in all aspects of American life. We also declared that the barriers to opportunity for persons with disabilities exists outside of the person in the attitudinal, physical, social and economic environments.

As we approach the twenty-first century we have an opportunity to move toward real implementation of the intent of the ADA by beginning to remove some of the major barriers to work for this nation's working age adults with disabilities and the generations to come of children and adolescents benefiting from their right to an education under the Individuals with Disabilities Education Act.

People with disabilities want to work. People with disabilities are capable of remunerative employment. With techniques of job accommodation, job restructuring, job sharing and the use of assistive technology and devices people with the most severe disabilities can and are working. We need federal policy that **MAKES WORK PAY!** And re-crafts disability from a policy of paternalism and dependency to one which is based on economics, empowerment, contribution and independence.

TODAY'S CONTEXT: THE NEED FOR CHANGE

Today the United States economy is booming. Unemployment rates for the country are at near all times low and at less than two percent in many states.

Yet with the best of intentions, nearly 8 million working age adults with severe disabilities are not benefiting from this prosperity and seem doomed to a life of dependency and poverty at a cost to the taxpayer of nearly \$74 billion! If they are married and receive SSI and/or Medicaid, we impose on these couples a spousal deeming penalty that makes the marriage penalty under the IRS code look like kindergarten. As a nation we can do better. S.331 affords us the opportunity to change the disincentives and to disconnect the current link between income support and health insurance. All of the surveys which have been conducted with working age adults with disabilities have

reported the loss of health insurance (Medicare and/or Medicaid) as the primary reason why they are financially unable to return to work. The four other principle barriers to work identified by the Consortium for Citizens with Disabilities and the National Council on Disability are:

- the complexity of existing work incentives;
- financial penalties of working;
- lack of choice in employment services and providers; and
- independent work opportunities

New data from a Louis Harris Survey for the National Organization on Disability conducted in April and May of 1998 reports a continuing part-time or full-time employment rate of only 29% for non-institutionalized working age adults with disabilities compared to 79% for the population. Yet the same survey indicates that 72% of those persons who are unemployed state they would prefer to be working!

In the area of health care the Harris Survey reported the following findings:

- Among those persons with disabilities who are insured, 32% say they have special needs because of their disability (such as particular therapies, equipment, or medicine) that are not covered by their health insurance;
- Among adults with disabilities who are not covered by health insurance, one in five (18%) were not able to get insurance because of a disability or pre-existing health condition.

These brand new data unfortunately confirm all previous studies and surveys regarding employment and health care for people with disabilities.

Through many of the "Choice" Employment Projects funded under the demonstration authority of the Rehabilitation Act Amendments of 1992, people with the most severe physical and multiple disabilities are returning to work through an individualized process of personal profiling and choice; however, we also know that in spite of these individuals demonstrated ability, most are choosing to work part-time in order to be sure not to lose their Medicaid. These choices represent flawed national disability policy which S.331 begins to address.

COMMON LIMITATIONS OF EMPLOYER INSURANCE

Most people with disabilities are not likely to end up on the payroll of the federal or state governments or large Fortune 500 corporations which tend to have more comprehensive health care benefits and the capacity to spread risk across a very large employee base.

Most people with disabilities are more likely to become employed by small or medium sized businesses where most new jobs are being created in the current economy, or because of the nature of their disability, work on a part-time or intermittent basis.

In the small or medium sized business, persons with severe disabilities tend to encounter the following range of barriers to their health care needs:

- The employer does not offer a group plan;
- The cost of the employer's group plan is very high in relation to the person's income;
- The limited employer benefit package does not meet the needs of the person with a severe disability in areas such as prescription drugs, mental health services, durable medical equipment/assistive technology, physical, occupational and speech/language therapies and none offer personal assistance services; and
- The health care package is constrained by a rigid definition of medical necessity which is limited to services to "restore" health rather than to maintain function and/or prevent deterioration or loss of function which is critical to persons with disabilities accessing the benefit package.

Therefore, continuous and affordable access to Medicare and/or Medicaid is absolutely essential if we want to assure equal opportunity for people with disabilities to join the work force.

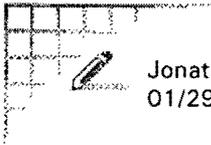
We are also beginning to see increased problems in access to health insurance benefits for people with disabilities as a result of the rapid expansion of managed care in the commercial, Medicaid and Medicare markets. The disability community expects this Committee to hold HCFA accountable for providing a study on managed care for people with special health care needs you directed the agency to do in the Balanced Budget Act. Increasing concerns about the impact of managed care on people with disabilities and chronic health care conditions have generated great interest by the disability community in the need for Congress to pass strong, enforceable patient protection legislation this session as well.

THE TIME IS NOW

The linkage of SGA to access to Medicare and Medicaid represents an outmoded policy from the 1960's when severe disability was a synonym for helpless, hopeless, homebound and eternal dependency. The moral and economic imperatives of 1999 demand that we shift our income support and health insurance public policies for people with disabilities to one consistent with the wishes, needs and increased expectations of people with disabilities and the tenets of the Americans with Disabilities Act. As a society we cannot afford to wait for the perfect bill that will solve all of the barriers to employment for persons with disabilities. S.331 begins to lay a new foundation for disability employment policy that provides incentives for people with disabilities to replace some or all of their federal income assistance with a pay check; to pay income

taxes and FICA; and to maintain their Medicare and/or Medicaid coverage at an affordable premium based on their earnings; This foundation along with other provisions in S.331 move us toward a 21st century policy that will begin to make severe disability a synonym for personal responsibility, choice, empowerment, interdependence, contribution and economic self sufficiency. With this first step we can begin to reframe disability policy as a social and economic investment with a valued performance outcome and begin to remedy the 9th finding in the ADA:

“(9) the continuing existence of unfair and unnecessary discrimination and prejudice denies people with disabilities the opportunity to compete on an equal basis and to pursue those opportunities for which our free society is justifiably famous and costs the United States billions of dollars in unnecessary expenses resulting from dependency and non-productivity.”



Jonathan M. Young
01/29/99 09:13:18 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Meeting follow-up

Thanks for meeting yesterday. I found it very helpful to share information and strategize.

Introduction: JKRM was introduced last night in the Senate without fanfare, for the record. I will forward you a copy of the text as soon as I acquire a copy from Senate staff or Thomas.

Bill Summary: I will fax the 2-page and 4-page summary to you later this morning. If I can obtain electronic copy I will send that to you as well.

Group List: I have set up a group list with everyone who attended yesterday (Cynthia Rice, Jeanne Lambrew, Jeff Farkas, Carole Kitti, Larry Matlack, Joanne Cianci, Eric Gould, Susan Daniels, Becky Ogle, Lisa Brown, Judy Chesser, and Jonathan Young). I was pleased that OMB, DPC, NEC, DOL, SSA, OVP, and OPL were all represented. If you want additional people from your offices to be added to the group list, please let me know.

Additional Agencies: I will invite Legislative Affairs to join our group. Jeanne: please identify people from HHS and DOE.

Work Incentives Planners Language: As soon as Becky and others have language available, I will forward it to you.

Long Paper from 1/13 Event: Attached, in case anyone doesn't have a copy.



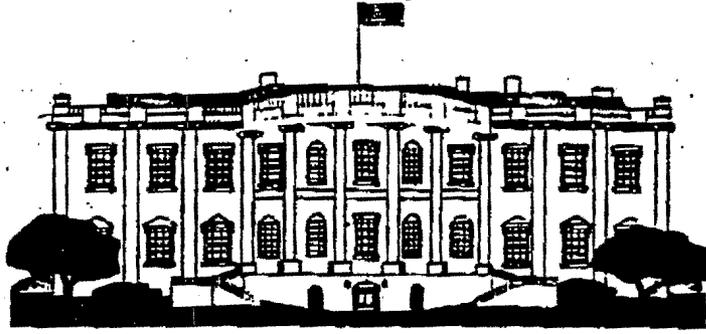
DSLONG.1

Next Meeting: Wednesday, February 3, 12:00 PM. I will let you know when I have a room number.

Senate Hearing: Tentatively scheduled for 9 AM on Thursday, February 4. I will keep you posted if I hear anything about Administration testimony.

Circulating Messages: I will be happy to post messages to the group for you; just send me an email and indicate you want it circulated. Jonathan_Young@who.eop.gov.

Message Sent To: _____



WHITE HOUSE OFFICE OF PUBLIC LIAISON

Phone (202)456-2930 Fax (202)456-6218

Page: One of

Date: 1-29-99

To: Cynthia Rice

Fax: 456-7431

Phone:

From: Jonathan Young

Comments:

**WORK INCENTIVES
IMPROVEMENT ACT OF 1999
Summary**

Access to Health Care Coverage

Expanding Medicaid Options for States. Two new optional eligibility categories would allow states to offer Medicaid coverage to workers with disabilities.

- Building on a coverage option enacted in the Balanced Budget Act of 1997, states may offer a Medicaid buy-in to people with disabilities who earn above 250 percent of poverty. Participating states may require cost-sharing on a sliding scale up to the full premium cost.
- States may cover individuals who continue to have a severe medically determinable impairment but lose eligibility for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) because of a medical improvement.

Continuing of Medicare Coverage. A ten-year trial program would permit SSDI beneficiaries to continue to receive Medicare coverage. Currently, beneficiaries who return to work must pay Part A premiums after an extended period of eligibility.

Infrastructure Grants. A grant program would make funds available to states to support the design, establishment and operation of infrastructures to support working individuals with disabilities.

Demonstration Program. A time-limited demonstration program would allow states to extend Medicaid coverage to workers who have a disability that without health care could become severe enough to qualify them for SSI or SSDI.

Employment Assistance and Incentives to Work

Ticket to Work and Self-Sufficiency. The "ticket" program creates a new payment system for employment services to SSI and SSDI beneficiaries that rewards successful outcomes – i.e., work. If the beneficiary goes to work and achieves substantial earnings, the vocational rehabilitation (VR) or employment services provider would be reimbursed based on a portion of benefits saved. The provision will expand access to public and private VR and employment services providers.

Removing Work Disincentives. The legislation would encourage SSDI and SSI beneficiaries to return to work by providing assurance that cash benefits would remain available if employment proves unsuccessful. Specifically, these provisions prohibit using employment as the sole basis for scheduling a continuing disability review and would expedite eligibility redeterminations for individuals who had received SSDI but lost them due to work, but who need to return to disability benefits.

Work Incentives Outreach and Assistance Programs. The legislation would create a work incentives outreach program to provide accurate information on work incentives programs to individuals with disabilities. The Social Security Administration (SSA) would provide grants to states to provide assistance to SSDI and SSI beneficiaries in accessing employment services and work incentives.

Demonstration Projects and Studies. The bill would reauthorize SSA's demonstration authority, which expired in July 1996. The legislation also requires SSA to conduct a demonstration that reduces SSDI benefits by \$1 for each \$2 earned above a certain level.

January 21, 1999 (12:00 p.m.)(jklong.wpd)

**SUMMARY OF
THE WORK INCENTIVES IMPROVEMENT ACT OF 1999
January 1999**

PROBLEM

A 1998 Harris Survey found that 72 percent of Americans with disabilities want to work. However, nearly 75 percent of persons with disabilities are unemployed. Federal benefit programs such as Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) provide cash benefits as well as eligibility for health coverage through Medicare and Medicaid. Many employer health plans do not cover services, such as personal assistance, that many disabled workers need in order to work. Medicaid can cover comprehensive services.

When disabled beneficiaries secure a job and earn income, they may lose their cash benefits and, subsequently, their health coverage, which they depend on to work. Thus, disabled beneficiaries who want to work are faced with the choice of returning to work while risking their health benefits, and forgoing work in order to maintain health benefits. Less than one half of one percent of these beneficiaries successfully move from disability benefits to self sufficiency by securing a job.

Persons with disabilities face also unique barriers to training for and securing employment.

WORK INCENTIVES IMPROVEMENT ACT

Access to Health Care Coverage

Expanding Medicaid Coverage Options. Two new optional eligibility categories would allow states to expand Medicaid coverage to workers with disabilities. These options build on previous reforms including a recent provision enacted in the Balanced Budget Act of 1997 (BBA). The BBA provision permitted states to offer a Medicaid buy-in for those with incomes below 250 percent of poverty and who would be eligible for SSI disability benefits but for their income.

- The first option would build on the BBS provision by allowing states to offer a Medicaid buy-in to people with disabilities who work and have earnings above 250 percent of poverty. Participating States may also

set asset limits and may require cost-sharing and premiums on a sliding scale up to a full premium. *According to a preliminary Congressional Budget Office (CBO) estimate prepared last fall, this provision was scored at \$73 million over five years. A new score will be requested on each of the bill's provisions after baselines are updated in late January.*

- The second new option would allow states to cover individuals who continue to have a severe medically determinable impairment but lose eligibility for SSI or SSDI because of medical improvement. Although medical improvement for disabled individuals is inextricably linked to ongoing interventions made possible through insurance coverage, improvement can jeopardize continued eligibility for that coverage. This Medicaid buy-in provision is designed to create opportunities for continuation of insurance access. *According to a preliminary CBO estimate prepared last fall, this provision was scored at \$338 million over five years.*

States could not supplant existing state-only spending with Medicaid funding under either of these options and would have to maintain current spending levels on eligible populations.

Continuation of Medicare Coverage. A ten-year trial program would permit SSDI beneficiaries to continue to receive Medicare coverage when they return to work. Under current law, SSDI beneficiaries continue to receive Medicare coverage after returning to work throughout the 39-month extended period of eligibility, but afterwards must pay the full Medicare Part A premium. In many cases, individuals leaving SSDI to return to work do not have access to employer-based health insurance and find policies in the individual insurance market prohibitively expensive. This option essentially extends the current 39 month extended period of eligibility. *According to a preliminary CBO estimate prepared last fall, this provision was scored at \$225 million over five years.*

Infrastructure Grants. A grant program would make funds available to states to support the design, establishment and operation of infrastructures to support working individuals with disabilities. A total of \$150 million will be available for five years, and annual amounts will be increased at the rate of inflation from 2004 through 2009. In 2009, the Secretary of Health and Human Services would recommend whether the program is still needed.

Demonstration Program. A time-limited demonstration program would allow states to extend Medicaid coverage to workers who have a disability that without health care would become severe enough to qualify them for

SSI or SSDI. 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. Funding of \$300 million will be available for the demonstration, which will sunset at the end of FY 2004.

Employment Assistance and Incentives to Work

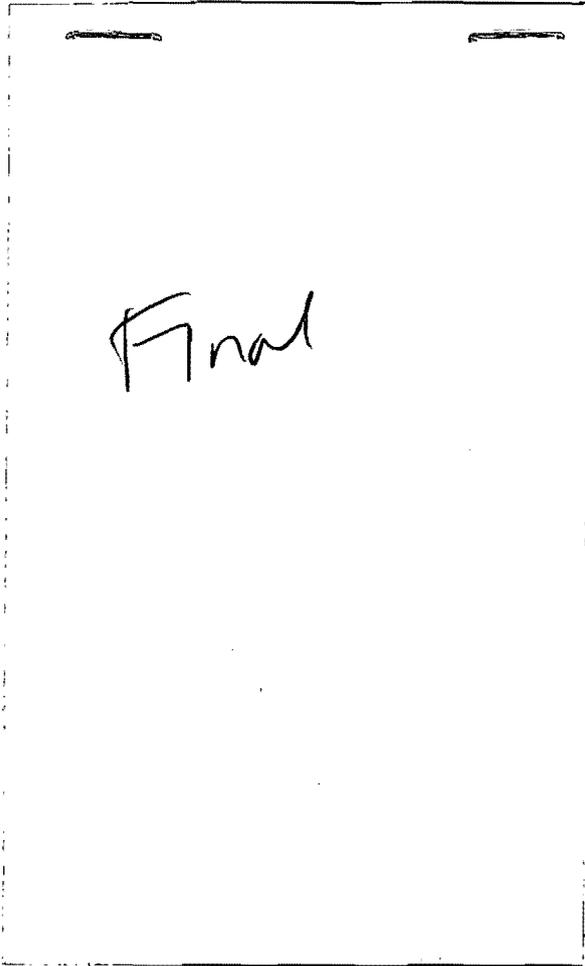
Ticket to Work and Self-Sufficiency. The "ticket" program would create a new payment system for employment services to SSI and SSDI beneficiaries that rewards successful outcomes – i.e., work. Vocational rehabilitation (VR) and employment services providers would be reimbursed with a portion of benefits savings – through either an outcome or "milestone" payment system -- when the beneficiary earns more than the current law "substantial gainful activity" (SGA) standard (i.e., earnings above \$500 per month).

This provision would also expand access to public and private VR and employment services providers. The "ticket" would enable SSI and SSDI beneficiaries to go to either a public or a participating private VR provider. Moreover, this "ticket to work" program would provide more consumer choice in receiving VR and employment services and would increase provider incentives to serve SSI and SSDI beneficiaries. *According to CBO estimates prepared last fall, this provision would cost \$17 million over five years.*

Elimination of Programmatic Work Disincentives. The legislation would encourage SSDI and SSI beneficiaries to return to work by providing assurance that cash benefits remain available if employment proves unsuccessful. Specifically, the legislation would prohibit using employment as the sole basis for scheduling a continuing disability review and would expedite eligibility redeterminations for those individuals that need to return to SSDI benefits after losing such benefits because of work.

Work Incentives Outreach and Assistance Programs. The legislation would create an outreach program to provide accurate information on work incentives programs to individuals with disabilities, and an assistance program to help people cut red tape to access work incentives. For the community-based work incentives outreach program, up to \$23 million per year would be provided by the Social Security Administration (SSA) for grants to states or private organizations for this program. In addition, SSA would provide grants to states to provide help to beneficiaries in accessing the "ticket to work" and other work incentives programs.

Demonstration Projects and Studies. The legislation would reauthorize SSA's demonstration authority which expired June 10, 1996. In addition, the legislation mandates demonstration projects providing a gradual reduction in cash benefits as earnings increase. Current law eliminates all benefits when earnings exceed the \$500 per month ("substantial gainful activity" or SGA); under the demonstration, SSDI benefits would be reduced by \$1 for each \$2 earned above the SGA level. The General Accounting Office (GAO) would be required to study tax credits and other disability-related employment incentives under the Americans with Disabilities Act of 1990; the coordination of SSI and SSDI benefits; and the effects of the SGA level on work incentives. *According to CBO estimates prepared last fall, these provisions would cost of \$55 million over five years.*



PRESIDENT CLINTON AND VICE PRESIDENT GORE UNVEIL NEW INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES

January 13, 1999

Today, President Clinton will unveil a historic new initiative that will remove significant barriers to work for people with disabilities. This three-part budget initiative, which invests over \$2 billion over five years, includes: (1) full funding of the Work Incentives Improvement Act which will be introduced by Senators Jeffords, Kennedy, Roth, and Moynihan next week; (2) a new \$1,000 tax credit to cover work-related costs for people with disabilities; and (3) expanded access to information and communications technologies. With these new proposals, the Administration will have taken action on every recommendation made in the report of the President's Task Force on the Employment of Adults with Disabilities, which the Vice President accepted last month. Justin Dart, one of the foremost leaders of the disability communities, stated in response to today's proposals: "The Clinton-Gore Administration has a long history of supporting the disability community. This policy initiative is one of the boldest since the landmark passage of the ADA."

CRITICAL NEED TO REMOVE BARRIERS TO WORK

Since President Clinton took office, the American economy has added 17.7 million new jobs, and unemployment is at a 29-year low of 4.3 percent. The unemployment rate among all working-age adults with disabilities, however, is nearly 75 percent. According to current estimates, about 1.6 million working-age adults have a disability that leads to functional limitations and 14 million working-age adults have less severe but still significant disabilities.

People with disabilities can bring tremendous energy and talent to the American workforce, but institutional barriers often limit their ability to work. Most critically, people with disabilities often become ineligible for Medicaid or Medicare if they work. This means that many people with disabilities are put in the untenable position of choosing between health care coverage and work. In addition, advances in technology and communications are often not accessible to people with disabilities.

THREE-PART INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES

- **Funding the Work Incentives Improvement Act in the President's budget.** Health care -- particularly prescription drugs and personal assistance -- is essential for people with disabilities to work. Today, the President is announcing that his FY 2000 budget will fund the full cost of the Work Incentives Improvement Act. This proposal, which costs \$1.2 billion over 5 years, would:
 - Improve access to health care by:
 - Expanding states' ability to provide a Medicaid buy-in to people with disabilities who return to work. This provision would enable states to offer the buy-in to people whose assets and/or income exceed current limits. It also would give states the option of offering the buy-in to people with medical conditions, such as rheumatoid arthritis, who do not meet the current disability standard, but who can work only because of medical treatment. Finally, this provision would give health care grants to those that do so.
 - Extending Medicare coverage, for the first time, for people with disabilities who return to

work. Although Medicare does not provide as comprehensive a benefit as Medicaid, this aspect of the proposal ensures that all people with disabilities who return to work have access to health care coverage, even if they live in a state that does not take the Medicaid option.

- Creating a new Medicaid buy-in demonstration to help people with a specific physical or mental impairment that is not yet severe enough to qualify for health care assistance, but that is reasonably expected to lead to a severe disability in the absence of medical treatment. This demonstration could help people with muscular dystrophy, Parkinson's Disease, HIV or diabetes who are able to work with appropriate health care.
- Modernize the employment services system by creating a "ticket" that will enable SSI or SSDI beneficiaries to go to any of a number of public or private providers for vocational rehabilitation. If the beneficiary goes to work and achieves substantial earnings, providers would be paid a portion of the benefits saved.
- Create a Work Incentive Grant program to provide benefits planning and assistance, facilitate access to information about work incentives, and better integrate services to people with disabilities working or returning to work.
- **Providing a \$1,000 tax credit for work-related expenses for people with disabilities.** The daily costs of getting to and from work, and being effective at work, can be high if not prohibitive for people with disabilities. Under this new proposal, workers with significant disabilities would receive an annual \$1,000 tax credit to help cover the formal and informal costs that are associated with employment, such as special transportation and technology. Like the Jeffords-Kennedy-Roth-Moynihan Work Incentive Act, this tax credit, which will assist 200,000 to 300,000 Americans, will help ensure that people with disabilities have the tools they need to return to work. The credit will cost \$700 million over 5 years.
- **Improving access to assistive technology.** Technology is often not adapted for people with disabilities and even when it is, people with disabilities may not be able to afford it. This new initiative would accelerate the development and adoption of information and communications technologies that can improve the quality of life for people with disabilities and enhance their ability to participate in the workplace. The initiative would: (1) help make the Federal government a "model user" of assistive technology; (2) support new and expanded state loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invest in research and development and technology transfer in areas such as "text to speech" for people who are blind, automatic captioning for people who are deaf, and speech recognition and eye tracking for people who can't use a keyboard. It would cost \$35 million in FY 2000, more than double the government's current investment in deploying assistive technology.

With these steps, the Administration has taken action on all Task Force Recommendations. In December, the Vice President accepted the report of the President's Task Force on the Employment of Adults with Disabilities, took action on some of their recommendations, and pledged that the Administration would review others in the budget process. With the new steps taken today, as well as an announcement that Mrs. Gore will make tomorrow, the Administration has taken action on all the Task Force formal recommendations:

- Work to pass the Work Incentive Improvement Act -- included in Administration's budget.
- Work to pass a strong Patients' Bill of Rights -- high Administration priority.
- Examine tax options to assist with expenses of work -- included in Administration's budget.
- Foster interdisciplinary consortia for employment services -- included in Administration's budget.
- Accelerate development and adoption of assistive technology -- included in Administration's budget.
- Direct Small Business Administration to expand outreach -- Vice President announced in December.
- Remove Federal hiring barriers for people with mental illness -- Mrs. Gore will unveil tomorrow.
- Direct OPM to develop model plan for Federal hiring of people with disabilities -- Vice President unveiled in December.

PRESIDENT CLINTON AND VICE PRESIDENT GORE UNVEIL NEW INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES

BACKGROUND: January 13, 1999

Today, President Clinton will unveil an historic new initiative that will remove significant barriers to work for people with disabilities. This three-part budget initiative, which invests over \$2 billion over five years, includes: (1) full funding of the Work Incentives Improvement Act which will be introduced by Senators Jeffords, Kennedy, Roth, and Moynihan next week; (2) a new \$1,000 tax credit to cover work-related costs for people with disabilities; and (3) expanded access to information and communications technologies. With these new proposals, the Administration will have taken action on every recommendation made in the report of the President's Task Force on the Employment of Adults with Disabilities, which the Vice President accepted last month. Justin Dart, one of the foremost leaders of the disability communities, stated in response to today's proposals: "The Clinton-Gore Administration has a long history of supporting the disability community. This policy initiative is one of the boldest since the landmark passage of the ADA."

BARRIERS TO WORK FOR PEOPLE WITH DISABILITIES

- **Millions of working-age adults have disabilities.** About 1.6 million working-age adults have a disability that leads to functional limitations (i.e., needs help with at least one activity of daily living). About 14 million working-age adults are disabled using a broader definition (e.g., uses a wheelchair, or walker; has a developmental disability).
- **The unemployment rate among people with disabilities is staggering.** Nearly 75 percent of people with disabilities are unemployed. Not only is it more difficult for people with disabilities to work; when they do work, their earnings are lower. According to one study, the average earnings for men with disabilities are 15 to 30 percent below those of men without disabilities. These disparities are greater for those needing help with daily activities.
- **Multiple barriers to work.** People with disabilities face a number of challenges, including:
 - **Lack of adequate health insurance.** In most places in the U.S., people with health problems can be charged high premiums by private insurance companies or denied coverage altogether. Those who are insured may not be covered for some of their needs, such as personal assistance. Medicaid covers these services, but eligibility is generally restricted to people who cannot work. Thus, there is little incentive to return to work.
 - **Higher costs of work.** People with disabilities not only face lower than average wages, but typically pay more to get to and from work and to function at work. Thus, for some, returning to work may decrease rather than increase their savings.
 - **Disconnected employment service system:** A variety of vocational rehabilitation, educational, training and health programs exist to facilitate work for people with disabilities, but they rarely work together in a coordinated way.
 - **Inaccessible or unavailable technology:** Technological advances facilitate work, improve productivity and reduce the costs of such technology. Yet, people with disabilities often lack information on what exists, how to use it, and how to afford it.

ADMINISTRATION COMMITMENT TO IMPROVING OPPORTUNITIES

The President has made expanding economic opportunities to all Americans -- particularly people with disabilities -- a priority. His accomplishments include:

- **Most diverse Administration in history** by appointing a large number of people with disabilities to senior positions. The Federal government now employs about 127,000 employees with some type of disability.
- **Strong efforts to end job discrimination.** In July 1998, the President directed key federal civil rights agencies (Department of Justice, Equal Employment Opportunity Commission and the Small Business Administration) to increase outreach and implementation efforts.
- **New Medicaid buy-in option for workers with disabilities.** The Balanced Budget Act of 1997 created an optional program whereby states could allow people with disabilities who were earning up to 250 percent of poverty to purchase Medicaid coverage.
- **Improving employment services.** On August 7, the President signed the Workforce Investment Act (WIA), including the Rehabilitation Act Amendments of 1998. It establishes better links between the vocational rehabilitation and the workforce development systems.
- **Expanding accessible transportation.** In September 1998, the Department of Transportation issued the final regulation implementing the Americans with Disabilities Act (ADA) provisions for over-the-road bus (OTRB) accessibility.
- **Reauthorizing and expanding the Assistive Technology Act.** In October, 1998, the President signed the "Tech Act" which provides assistive technology to low-income people with disabilities and encourages small businesses to design and market innovative ideas.
- **TASK FORCE ON EMPLOYMENT OF ADULTS WITH DISABILITIES.** One of the most important actions taken by President Clinton was the signing of the executive order establishing the Presidential Task Force on Employment of Adults with Disabilities on March 13, 1998. Led by Alexis Herman, Secretary of Labor, and Tony Coelho, this Task Force is charged with coordinating an aggressive national policy to bring adults with disabilities into gainful employment. It produced a set of interim recommendations in December, 1998, summarized below:

RECOMMENDATION

1. Work to pass the Work Incentive Improvement Act
2. Work to pass the Patients' Bill of Rights
3. Examine tax options to assist with expenses of work
4. Foster interdisciplinary consortia for employment services
5. Accelerate development/adoption of assistive technology
6. Direct Small Business Administration to start outreach
7. Remove Federal hiring barriers for people w/ mental illness
8. Develop a model plan for Federal hiring of people w/ disabilities

ACTION

President includes in budget
High Presidential priority
President includes in budget
President includes in budget
President includes in budget
Vice President announced 12/98
Mrs. Gore announced tomorrow
Vice President announced 12/98

WORK INCENTIVES IMPROVEMENT ACT

The Work Incentives Improvement Act is an historic bill produced through the bipartisan efforts of Senators Jeffords, Kennedy, Roth and Moynihan in collaboration with leaders in the disability community and staff throughout the Administration. It is the centerpiece of the President's initiative to provide economic opportunities to people with disabilities. Altogether, it would cost an estimated \$1.2 billion over 5 years. Its major components are described below.

HEALTH INSURANCE PROTECTIONS

Health care -- particularly prescription drugs and personal assistance -- is essential to enabling people with disabilities to work. This proposal would: (1) expand option and funding for the Medicaid buy-in for workers with disabilities; (2) extend Medicare coverage for people with disabilities who return to work; and (3) create a demonstration of a Medicaid buy-in for people with disabilities that have not yet gotten severe enough to end work and qualify them for disability, Medicaid or Medicare.

- **Expanding the State Medicaid Buy-In Option for Workers with Disabilities.** Two new optional eligibility categories would allow states to expand Medicaid coverage to workers with disabilities beyond the current option created in the Balanced Budget Act of 1997 (BBA). Additionally, a new grant program would be provide \$150 million in funds to states taking these option to help them start their programs and outreach to eligible workers.

The BBA option allows people with disabilities who would be eligible for Supplemental Security Income (SSI) but for earned income up to 250 percent of poverty to buy into Medicaid at a premium set by the state. This would be expanded through two new options:

Workers with higher earned income, unearned income, and assets. The first new option allows states to expand this Medicaid buy-in to people with disabilities with earned income above 250 percent of poverty with assets, resources and unearned income to limits set by the state. This is important since many workers with disabilities have either assets and resources that exceed the current limit of \$2,000 or are transitioning from Social Security Disability Insurance (SSDI) and have unearned income exceeding the limit of about \$500.

Workers whose conditions improve but still are disabled. The second new option would allow states that elect the first option (covering working people with disabilities with assets, resources and unearned income below limits set by the state) to also extend the Medicaid buy-in to people who continue to have a severe medically determinable impairment but lose eligibility for SSI or Social Security Disability Insurance (SSDI) because of medical improvement. Often, such improvements are possible only with health care.

To give an example of who might be helped by this option, a person with rheumatoid arthritis whose condition prevents work could receive disability and health coverage. If, at the medical review, laboratory tests were still positive but the therapy and a new drug allowed the person to work, benefits would essentially end. Although this temporary remission is mostly attributable to health care coverage, the improvement would disqualify the person from disability and thus health benefits under current law.

Grant assistance. States that take one or both of the new eligibility options for working individuals with disabilities would be eligible for a new grant program. This program would give states funds for infrastructures to support working individuals with disabilities as well as to build the capacity of states and communities to provide home and community-based services. Funds could also be used for outreach campaigns to connect people with disabilities with resources. A total of \$150 million would be available for the first 5 years, and annual amounts will be increased at the rate of inflation for 2004 through 2009. States meeting these criteria would receive a grant no less than \$500,000 and no more than equal to 15 percent of expenditures on medical assistance for individuals eligible under the new state options. Funds would be available until expended.

Both options would be treated like any other Medicaid eligibility option (e.g., same Federal matching rate, benefits rules). States could not supplant existing state spending with Medicaid funding under these options and would have to maintain effort for current spending for people made eligible under these options.

- **Continuation of Medicare Coverage for Working Individuals with Disabilities.** A ten-year trial program would allow people who are receiving Medicare because of their receipt of SSDI payments to continue to receive Medicare coverage when they return to work. Under current law, these individuals may receive Medicare coverage during the 39-month period following their trial work period, but have to pay the full Medicare Part A premium after that time. In many cases, people returning to work following SSDI either work part time and thus are not eligible for employer-based health insurance or work in jobs that do not offer insurance. This leaves them no alternative to the individual insurance market which can charge people with pre-existing conditions exorbitant premiums or deny them coverage altogether in many states. This option, which allows these workers to maintain their Medicare coverage so long as they remain disabled (as determined through continuing disability reviews), would remove a critical barrier to returning to work.
- **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. Funding of \$300 million would be available for this demonstration, which sunsets at the end of FY 2004. 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. People covered in this demonstration would receive the same coverage as other workers with disabilities.

This demonstration is intended to help 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.

TICKET TO WORK AND OTHER PROVISIONS

- **Ticket to Work.** Currently, SSDI and SSI disabled beneficiaries believed to benefit from employment-related services are mostly referred to state vocational rehabilitation (VR) programs administered by the Department of Education, which are then reimbursed based on cost. This provision would give more consumer choice in receiving employment services and increases provider incentives to serve SSI and SSDI beneficiaries. Components of the ticket proposal include:

Consumer Options for Employment Services. The ticket would enable an SSI and SSDI beneficiary to go to either a public or a participating private provider.

Provider Options for Reimbursement. Providers who accept the ticket would select their preferred reimbursement: (1) outcome payments system (e.g., 40 percent of benefits saved for five years once the recipient leaves the rolls), or (2) an outcome-milestone payment system (e.g., a flat payment when a specific employment related goal is achieved plus a portion of benefits saved once the recipient leaves the rolls).

Temporary Suspension of Continuing Disability Reviews. During the period when a beneficiary is "using a ticket" the individual would not be subject to continuing disability reviews -- medically scheduled or triggered by work activity.

- **Demonstrations.** This provision requires SSA to undertake a demonstration project that reduces SSDI benefits by \$1 for each \$2 earned above a certain level. Under current law, a DI beneficiary in the extended period of eligibility who earns more than the substantial gainful activity level, currently \$500 a month, does not receive a cash benefit. Another provision would extend SSA's SSDI demonstration authority which expired in June 1996.
- **Changes in Continuing Disability Reviews (CDRs).** SSA uses CDRs to determine if a beneficiary continues to meet the definition of disability over time. This provision would prohibit using work activity as the sole basis for scheduling a CDR for individuals during the first 24 months of DDSI eligibility. Additionally, this proposal would provide an expedited eligibility determination process for SSDI applicants who received benefits for at least 24 months & engaged in substantial gainful activity during their extended periods of eligibility.

WORK INCENTIVE GRANTS

The Work Incentive Grant proposal would combine the strong ideas in Title IV of the Work Incentive Improvement Act with those of the Task Force on the Employment of Adults with Disabilities to improve the existing infrastructure for providing information and services to individuals with disabilities. The new grant program would build upon the *Workforce Investment Act (WIA)*, signed into law by the President last year, by ensuring that people with disabilities have access to the full range of employment and re-employment services in the One-Stop delivery system established by the WIA.

- **New partnerships.** Competitive grants (totaling \$50 million a year) would be awarded to partnerships of organizations (public and private), including organizations of people with disabilities in every state. These partnerships will be responsible for working with the One-Stop system to augment that system's capacity to provide a wide range of high quality services to people with disabilities working or returning to work, including:
 - Providing benefits planning and assistance;
 - Facilitating access to information about services and work incentives available in the public, private, nonprofit sectors (e.g., availability of transportation services in the local area, eligibility for health benefits, and access to personal assistance services);
 - Better integrating and coordinating employment and support services on the Federal, state, and local levels of government.
- **Building on current efforts.** The new grant program would build upon the solid base formed by the state and local workforce investment boards mandated by the Workforce Investment Act. The WIA sets forth a new priority on ensuring that individuals with disabilities are provided access to employment and training information and services. The Federally-funded Vocational Rehabilitation agencies are required to participate in the One-Stop delivery system of employment and training services. Further, the local workforce investment boards are required to include representatives of community-based organizations, including those that represent persons with disabilities. DOL will encourage local boards to include business leaders with experience in employing such individuals.
- **Administration.** As the lead Federal agency for employment and training services for all Americans, DOL would administer these grants. DOL would consult with National Council on Disability, the President's Committee on the Employment of People with Disabilities, and the Task Force on the Employment of Adults with Disabilities, the Education Department, the Department of Health and Human Services, the Social Security Administration, the Department of Veterans Affairs, the Small Business Administration, the Department of Commerce, and others on the development of its solicitation for grant applications, on review of applications for quality and comprehensiveness, and on monitoring and evaluating the grants and the operations of the One-Stop system.

TAX CREDIT FOR WORKERS WITH DISABILITIES

Eligible workers with disabilities would receive a \$1,000 tax credit beginning in 2000. This would help about 200,000 to 300,000 people, at a cost of \$700 million for 2000-04.

- **Goal.** This new tax credit would help offset some of the formal and informal costs associated with employment for people with disabilities. As such, it would provide a greater incentive to begin working, and help those people with jobs maintain them. It would complement the Work Incentives Improvement Act and would be available to all people with disabilities, irrespective of their state Medicaid eligibility options. For participants in a Medicaid buy-in, it could pay for services not covered (e.g., special clothing, transportation). It also gives the person with disabilities flexibility in directing the credit toward the services that they need the most.
- **Amount of the credit.** The credit would be \$1,000. It would phase out for higher income tax payers (taxpayer with modified adjusted gross income exceeding \$110,000 for couples, \$75,000 for unmarried taxpayers, and \$55,000 if the taxpayer is married but filing a separate return; same phase-out as the child tax credit). This credit cannot exceed the total amount of tax liability, except, however, that it may be refundable for taxpayers with 3 or more dependents.
- **Eligibility.** A taxpayer (or his or her spouse) would qualify for the proposed tax credit if he or she had earnings and was disabled. "Disabled" for this credit would be defined as being certified within the previous 12 months as being unable, for at least 12 months, to perform at least one activity of daily living (bathing, dressing, eating, toileting, transferring and continence management) without personal assistance from another individual, due to loss of functional capacity.
- **Interaction with other tax provisions.** Worker with severe disabilities who also qualify for the President's proposed long-term care credit may receive both credits since they are intended to help with different types of costs.

Individuals receiving this credit may also be eligible for the present-law deduction for impairment-related work expenses of persons with disabilities (this deduction is not subject to the 2 percent limit). However, many individuals with disabilities may not be able to itemize their deductions or incur significant work-related expenses outside the workplace (which do not qualify for the deduction).

- **Who benefits.** About 200,000 to 300,000 workers would receive this credit.
- **Cost:** \$700 million over 5 years.

EMPOWERING AMERICANS WITH DISABILITIES WITH ASSISTIVE TECHNOLOGY

This multifaceted initiative would improve the development, adoption and prevalence of technologies that help people with disabilities work. It would cost \$35 million in FY 2000, more than doubling the government's current investment in deploying assistive technology.

- **Goal:** This initiative would accelerate the development and adoption of information and communications technologies that can be easily used by Americans with disabilities. Information technology has the potential to significantly improve the quality of life for people with disabilities, enhance their ability to participate in the workplace, and make them full participants in the Information Society.
- **Elements of the initiative.** This initiative has five parts:
 - **Making the Federal government a model employer.** The government would expand its purchases of assistive technology and services to increase employment opportunities for people with disabilities in the federal government.
 - **Supporting state loan programs to make assistive technology more affordable.** The Department of Education's National Institute on Disabilities and Rehabilitation Research (NIDRR) would provide matching funds to states that create or expand loan programs to make assistive technology more affordable for people with disabilities.
 - **Investing in research and development and technology transfer to make technology more accessible.** NIDRR and the National Science Foundation would invest in research on technologies such as "text to speech" for people who are blind, automatic captioning for people who are deaf, or speech recognition and eye tracking for people who cannot use a keyboard.
 - **Developing an "Underwriters Laboratory" for accessible technologies.** The government would provide start-up funding to a private sector organization, analogous to the Underwriters' Laboratory, that would test information and communications technologies to see if they are accessible. This would help expand the market for accessible technologies.
 - **Encourage industry to make products more accessible.** Building on a successful partnership with the Internet industry (the Web Accessibility Initiative), the government would provide matching funds to industry consortia that work with disabilities community to make key technologies accessible, such as interactive television, small, hand-held computers, and cellular phones.
- **Cost:** \$35 million per year.

PRESIDENT CLINTON AND VICE PRESIDENT GORE: ECONOMIC OPPORTUNITIES FOR ALL AMERICANS

January 13, 1999

"Increased access to health care; more assistance at home and in the workplace; remarkable new technologies: that is how we will make sure that all Americans, no matter what their abilities, can take their place in the workplace."

President Bill Clinton
January 13, 1999

Today, President Clinton will unveil a historic new initiative that will remove significant barriers to work for people with disabilities. This three-part budget initiative, which invests \$2 billion over five years, will help provide better health care options for people with disabilities who work, a \$1,000 tax credit for work-related expenses, and invest in technology that can enhance their ability to participate in the workplace.

REMOVING THE BARRIERS THAT STOP PEOPLE WITH DISABILITIES FROM GOING TO WORK. Since the President and Vice President took office, the American economy has added 17.7 million new jobs, and unemployment is at a 29-year low; however, the unemployment rate among working-age adults with disabilities is nearly 75 percent. People with disabilities often become ineligible for Medicaid or Medicare if they work, putting them in the difficult position of choosing between health care coverage and work. In addition, advances in technology and communications are often not accessible to people with disabilities.

A HISTORIC PLAN TO IMPROVE ECONOMIC OPPORTUNITY FOR AMERICANS WITH DISABILITIES. The President's budget proposal will include a three-part initiative to bring greater opportunity to Americans with disabilities:

- **Funding the Work Incentives Improvement Act.** Health care, particularly prescription drugs and personal assistance, is essential for people with disabilities who work. The President's budget fully funds the Work Incentive Improvement Act, that would:

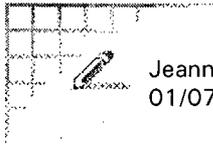
Improve access to health care by:

- Expanding states' ability to provide a Medicaid buy-in to people with disabilities who return to work;
- Extend Medicare coverage, for the first time, for people with disabilities who return to work;
- Create a new Medicaid buy-in demonstration to help people with a specific physical or mental impairment that is not severe enough to qualify for health assistance, but is likely to lead to a severe disability in the absence of medical treatment;

Modernize the employment services system by creating a "ticket" that will enable SSI or SSDI beneficiaries to use a range of public or private providers for vocational rehabilitation. If the person goes back to work and achieves substantial earnings, providers would be paid a portion of the benefits saved;

Create a Work Incentive Grant program to provide benefits planning and assistance, facilitate access to information about work incentives, and better integrate services to people with disabilities working or returning to work.

- **Providing a \$1,000 Tax Credit For Work-Related Expenses For People With Disabilities.** Under the President's proposal, workers with significant disabilities would receive an annual \$1,000 tax credit to help cover the costs associated with employment, including, special transportation and technology;
- **Improving Access to Assistive Technology.** This new initiative will accelerate the development and adoption of information and communications technologies that can improve the quality of life for people with disabilities and enhance their ability to participate in the workplace.



Jeanne Lambrew
01/07/99 06:33:22 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, J. Eric Gould/OPD/EOP
cc:
Subject: suggested language for potential coverage

----- Forwarded by Jeanne Lambrew/OPD/EOP on 01/07/99 06:34 PM -----



Ogle Becky <ogle-becky @ dol.gov >
01/07/99 06:23:35 PM

Record Type: Record

To: Jeanne Lambrew/OPD/EOP
cc:
Subject: suggested language for potential coverage

We definitely have to beef up the role and the provider of said services,
such as:

This should go under program design:

A recipient of a grant, cooperative agreement, or contract to provide
benefits planning and assistance shall select individuals who will act as
planners and provide information, guidance and planning to an individual
with disabilities on the -----

When I was vetting this idea generically I ran into problems with the third
bullet, better integrate and coordinate employment services because they
thought that this would water down the benefits, but if you read the
language in KJ in Section 401, (A) availability and interrelation of any
Federal or State work incentives programs designed to assist individuals
with disabilities that the individual may be eligible to participate in;

So, I see using the language above as our third bullet.

As for beefing up the independent living centers, non-profit role, the KJ
folks did it in this way:

(1) Any public or private agency or organization (including Centers for
Independent Living established under title VII of the Rehab Act of 1973.
.etc.

Any grant recipient must have substantial representation of and participation from members of the disability community. They also specifically did not want VR or State Medicaid Directors to be a part of the mix.

I hope this helps and thanks.....let me know.

Clinton Plan Aims to Lower Work Barriers for Disabled

Health Insurance Coverage Is Proposal's Key Element

By AMY GOLDSTEIN
Washington Post Staff Writer

President Clinton will propose today that the federal government encourage Americans with disabilities to get off public assistance and into jobs by providing new tax credits and health care incentives for those who find work.

The initiative, part of the budget Clinton is preparing to give Congress in three weeks, would devote \$2 billion over the next five years to lowering some of the hurdles that cause nearly three-fourths of the nation's disabled adults to be unemployed.

The central part of the effort is intended to make it easier for people with disabilities to remain in the government's health insurance programs, Medicaid and Medicare, even after they begin to earn an income. Such help responds to the arguments of advocates that many disabled people cannot afford to get jobs because they would be forced to abandon the government's helping hand in getting the medical care on which their fragile health depends.

Administration officials also reason that offering to pay the health expenses of disabled employees would allow the federal government and states to save money in the long run, because it would motivate people to become taxpayers rather than recipients of government assistance.

"The president believes we don't have one person's potential to waste," said Gene Sperling, the White House's top economic aide. "This is a . . . process to tear down barriers that make it harder for people with disabilities to contribute what they can to reach their own potential, support their families and produce for their economy."

White House officials would not say exactly how they would pay for the assistance, but said that the funds probably would come from taxes raised by closing corporate loopholes that the Treasury Department is identifying.

The initiative Clinton will unveil at a White House ceremony this morning is the most recent in a string of budget initiatives the administration has been announcing early to attract attention to its efforts.

Last week, the president announced an initiative, to cost \$6.2 billion over five years, intended to assist people who need long-term medical care and the relatives who take care of them. The core of that proposal, the largest new domestic program Clinton will recommend this year, involves a tax credit that is similar in its basic contours to the one that forms part of the disabilities initiative.

According to White House officials, Clinton will call today for a \$1,000 annual tax

credit to help compensate for some of the extra expenses—including those for special transportation or technology needs—that disabled people encounter when they enter the work force.

The credit, estimated to help as many as 300,000 people and cost \$700 million over five years, would be available to workers who could prove that they had been unable for at least a year to perform one or more basic daily activities, such as bathing or dressing. The credit would be phased out for people with high incomes: \$75,000 for those who are single and \$110,000 for those who are married.

The president also will propose that the government spend an extra \$35 million in each of the next five years to expand a relatively modest federal effort that has focused on new technologies to help people cope with disabilities. The program would help states make loans to people who need special equipment, increase subsidies for the invention and manufacture of new technologies, and encourage the federal government itself to buy them and to hire more disabled workers.

The most expensive component of the White House initiative, the \$1.2 billion health insurance proposal, is patterned after Senate legislation that failed last year and is expected to be introduced again next week by a bipartisan group of Senate leaders. By endorsing the idea, Clinton is hoping to give it fresh momentum in the Senate and to sow interest in the House.

Specifically, the proposal would permit states to let disabled workers buy insurance through Medicaid, even if their incomes ordinarily would make them ineligible for the health insurance program for the poor. The measure would not, however, require states to offer such help or dictate what price they must charge.

States would be allowed, on an experimental basis, to let certain workers buy insurance through Medicaid, even if their disability was not extreme, in order to enable them to afford the medical care needed to keep their condition from deteriorating. In addition, people with severe disabilities who qualify for the government's other health insurance program, Medicare, would be able to stay in the program after they return to work.

Disability rights advocates largely praised the White House initiative yesterday. "After all this money we spend on special education, vocational education, these young people just retire because they can't make it on their own in the job market without these ancillary services," said Curtis Decker, executive director of the National Association of Protection and Advocacy Systems.

Proposal Aims at Returning Disabled Workers to Jobs

By ROBERT PEAR

WASHINGTON, Jan. 12 — President Clinton will propose a new tax credit and health insurance coverage on Wednesday to help people with disabilities go back to work, White House officials said today. Senior members of Congress from both parties immediately endorsed major elements of the proposal.

The White House said the proposal was "the most important initiative for people with disabilities since passage of the Americans With Disabilities Act," a landmark civil rights law signed by President George Bush in 1990.

Mr. Clinton's proposal, worked out over the last two months in conversations with Congress, would cost \$2 billion over five years, Administration officials said.

The centerpiece of the initiative is a bill to expand Medicaid and Medicare so that tens of thousands of people with disabilities can retain their health benefits when they return to work. Under current law, people with disabilities say, they often have little incentive to seek work because they risk losing Medicaid and Medicare coverage if they have any significant earnings.

Eight million people receive more than \$50 billion a year in disability benefits from Social Security and Supplemental Security Income, but fewer than 1 percent of them return to work. Allowing them to keep Medicaid and Medicare while working would cost the Government \$1.2 billion over five years, but many of them would pay income taxes that they do not now pay.

The chairman of the Senate Finance Committee, William V. Roth Jr. of Delaware, and the chairman of the Senate Committee on Labor and Human Resources, James M. Jeffords of Vermont, both Republicans, endorsed the President's effort to expand Medicaid and Medicare for workers with disabilities. So did the ranking Democrats on the two committees, Senators Daniel Patrick Moynihan of New York and Edward M. Kennedy of Massachusetts.

Mr. Clinton is, in effect, embracing a bill drafted by the four Senators. The bill is called the Work Incentives Improvement Act.

On Wednesday, Mr. Clinton will also propose a new tax credit of \$1,000 a year for workers with disabilities, which the White House said would aid 300,000 people and cost \$700 million over five years. To qualify, a worker would have to be certi-

fied by a doctor as needing assistance from another person to perform one of the basic activities of daily living like bathing, dressing, eating and getting in and out of bed.

An aide said that Mr. Kennedy would support the new credit. Spokesmen for Mr. Roth, Mr. Jeffords and Mr. Moynihan said the senators had just learned of the proposal and did not know enough of the details to take a position on it.

Last week, Mr. Clinton proposed a \$1,000 tax credit for people who provide home care to elderly relatives or children with chronic illnesses or disabilities. That credit would cost \$5.5 billion over five years.

The proposals are similar in two respects. First, Mr. Clinton is deliberately vague about how he would pay for them. The White House is much more eager to highlight its popular proposals for tax relief than to disclose the unpopular proposals it will make to cut spending or raise revenue elsewhere in the budget.

Second, Mr. Clinton increasingly uses the tax code as an instrument of social policy, to provide assistance that Congress would not approve in the form of new Federal spending.

"When you have a Republican Congress, tax incentives are more well received than direct spending initiatives," a White House official said. In addition, he observed, tax incentives are often simpler for the Government and for the intended beneficiaries because there is less need for bureaucratic supervision. On the other hand, new tax breaks complicate the tax code, and taxpayers must fill out complicated forms to take advantage of some of them.

Medicaid finances health care for low-income people. Under the President's proposal, people with disabilities could buy Medicaid coverage even if they took jobs and earned income that would normally make them ineligible. Medicaid covers two items of great value to many people with disabilities: prescription drugs and the services of attendants who assist them with personal tasks.

Mr. Clinton also plans to seek sweeping changes in Federal programs that provide job skills to people with disabilities. He will endorse the approach taken in a bill passed last June in the House by a vote of 410 to 1. The Government would issue a voucher, or "ticket to work," that could be used by a disabled person to get employment services from either private organizations or state agencies.

Clinton aims to help disabled workers

By Susan Page
USA TODAY

WASHINGTON — President Clinton will announce today a \$2 billion, five-year budget initiative designed to make it easier for disabled people to work.

The package, which needs congressional approval, would help disabled Medicaid and Medicare recipients keep their coverage when they take jobs and give them a \$1,000-a-year tax credit to offset work-related expenses.

The announcement is the latest preview of proposals in Clinton's 2000 budget, which is to be released Feb. 1. One intended benefit: Showing Clinton on the job while his impeachment trial proceeds.

The initiative "is going to enable people with disabilities to be part of the American dream," said Justin Dart Jr., an advocate for the disabled.

He said people with disabilities who work often exceed income limits for government-paid Medicaid and Medicare coverage for the poor and elderly, and have trouble getting insurance.

The unemployment rate is 4.3%, but the rate among working-age adults with disabilities is nearly 75%.

Clinton's budget would:

► Fund the \$1.2 billion, five-year Work Incentives Improvement Act. It gives states incentives to raise the amount disabled workers can earn and stay eligible to buy Medicaid coverage. It extends Medicare for those who return to work.

► Create a \$1,000 tax credit for the seriously disabled for work-related costs, such as transportation or special job equipment. An estimated 200,000 to 300,000 workers would use it.

► Spend \$35 million next year to help develop and adapt new technology to help people with disabilities hold jobs — for instance, computer programs that convert written text to speech for blind workers.

Clinton's endorsement of the bill makes passage likely, congressional aides say. It's already backed by a powerful bipartisan Senate quartet: Republicans James Jeffords of Vermont and William Roth Jr. of Delaware and Democrats Edward Kennedy of Massachusetts and Daniel Patrick Moynihan of New York.

CAPITAL ROUNDUP

Computer hackers could gain access to taxpayer data

Serious weaknesses in the IRS computer system put sensitive personal information about taxpayers at risk of theft, fraud and other improper uses, the General Accounting Office said. Its audit, released Tuesday, found that hackers could get IRS data with relative ease because information isn't encrypted before being sent over telephone lines. The IRS says it has no evidence that such a crime has occurred. The audit of six IRS facilities also found that 397 computer tapes of taxpayer information had been lost, too many IRS employees have access to sensitive computing areas and employees without a need to know have the ability to change or delete taxpayer data.

GAY NOMINEE: President Clinton has renominated James Hornell, 66, of San Francisco to be ambassador to Luxembourg. If confirmed, he would be the nation's first openly gay envoy. The Senate Foreign Relations Committee approved the nomination last year, but some conservatives prevented a floor vote because they said he would use the post to promote a homosexual agenda.

FARM ADVOCATE REBUKED: Agriculture Secretary Dan Glickman criticized the head of the American Farm Bureau Federation for making a "personal attack" on President Clinton. Farmers and the administration shouldn't "take potshots at each other," Glickman told the federation just a day after its chief, Dean Kleckner, said the nation needs leaders "of conviction, not those who should be convicted."

PRESIDENT CLINTON AND VICE PRESIDENT GORE UNVEIL HISTORIC LONG-TERM CARE INITIATIVE TO SUPPORT FAMILY CAREGIVERS AND HELP ADDRESS GROWING LONG-TERM CARE NEEDS

January 4, 1999

Today, President Clinton is unveiling an historic new initiative to support Americans with long-term care needs and the millions of family members who care for them. This four-part, \$6.2 billion (over five years) initiative takes important steps to address complex long-term care needs through: (1) an unprecedented \$1,000 tax credit that compensates for formal or informal costs Americans of all ages with long-term care needs or the family caregivers who support them; (2) a new National Family Caregivers Support Program that provides a range of critical services for caregivers such as respite, home care services, and information and referral; (3) a national campaign to educate Medicare beneficiaries about the programs' limited coverage and how best to evaluate long-term care options; and (4) a proposal to have the Federal government serve as a model employer by offering quality private long-term care insurance to Federal employees at group rates.

The President is being joined by the First Lady, Secretary Rubin, Secretary Shalala, and OPM Director LaChance to unveil this initiative at the White House and the Vice President and Mrs. Gore are participating from an adult day care center in California, one of four States with model statewide family caregiving resource programs.

MILLIONS OF AMERICANS HAVE LONG-TERM CARE NEEDS

- **More and more Americans have a range of long-term care needs.** Over five million Americans have significant limitations due to illness or disability and thus require long-term care. Approximately, two-thirds are older Americans. Also, millions of adults and a growing number of children have long-term care needs because of health condition from birth or a chronic illness developed later in life.
- **The aging of Americans will only increase the need for quality long-term care options.** The number of Americans age 65 years or older will double by 2030 (from 34.3 to 69.4 million), so that one in five Americans will be elderly. The number of people 85 years or older, nearly half of whom need assistance with everyday activities, will grow even faster (from 4.0 to 8.4 million).

MULTI-FACETED INITIATIVE TO SUPPORT FAMILY CAREGIVERS AND ADDRESS GROWING LONG TERM CARE NEEDS. The President is unveiling a four-part initiative that is designed to address the broad-based and varied long-term care needs. It will: provide immediate support and assistance for the millions of Americans who care for family members with major long-term care needs; educate the elderly and people with disabilities about long-term care issues and options; and promote new promising strategies directions for long-term care policy for the twenty-first century. The President also called on the Vice President to host a series of forums around the nation to raise awareness about the need to support family caregivers and address the growing need for long-term care options.

The long-term care proposal being unveiled today by the President and Vice President includes:

- **Supporting families with long-term care needs through an historic \$1,000 tax credit.** This initiative, for the first time, acknowledges and supports millions of Americans with long-term care needs or the family members who care for and house their ill or disabled relatives through a \$1,000 tax credit. This new tax credit supports the diverse needs of families by compensating a wide range of formal or informal long-term care for people of all ages with three or more limitations in activities of daily living (ADLs) or a comparable cognitive impairment. This proposal, which supports rather than supplants family caregiving, would provide needed financial support to about 2 million Americans, including 1.2 million older Americans, over 500,000 non-elderly adults, and approximately 250,000 children. It costs \$5.5 billion over five years and phases out beginning at \$110,000 for couples and \$75,000 for unmarried taxpayers.
- **Creating an unprecedented National Family Caregiver Support Program.** Recent studies have found that services like respite care can relieve caregiver stress and delay nursing home entry, and that support for families of Alzheimer's disease patients can delay institutionalization for as long as a year. This new nationwide program, strongly advocated by the Vice President, would support families who care for elderly relatives with chronic illnesses or disabilities by enabling states to create "one-stop-shops" that provide: quality respite care and other support services; critical information about community-based long-term services that best meet a families' needs; and counseling and support, such as teaching model approaches for caregivers that are coping with new responsibilities and offering training for complex care needs, such as feeding tubes. This program, which costs \$625 million over five years, would assist approximately 250,000 families nationwide.
- **Launching a national campaign to educate Medicare beneficiaries about the programs' limited coverage of long-term care and how best to evaluate their options.** Nearly 60 percent of Medicare beneficiaries are unaware that Medicare does not cover most long-term care, and many do not know what long-term care services would best meet their needs. This \$10 million nationwide campaign would provide all 39 million Medicare beneficiaries with critical information about long-term care options including: what long-term care Medicare does and does not cover; how to find out about Medicaid long-term care coverage; what to look for in a quality private long-term care policy; and how to access information about home-and community-based care services that best fit beneficiaries' needs.
- **Having the Federal government serve as a model employer by offering quality private long-term care insurance to Federal employees.** The President also called on Congress to pass a new proposal that allows OPM to use its market leverage and set a national example by offering non-subsidized, quality private long-term care insurance to all federal employees, retirees, and their families at group rates. This proposal, that costs \$15 million over five years, will provide employers a nationwide model for offering quality long-term care insurance. OPM anticipates that approximately 300,000 Federal employees would participate in this program.

Jack A. Smalligan
12/21/98 07:12:04 PM

L X
Lori Schack
53263

Joanne Cianci

Record Type: Record

To: Jeanne Lambrew/OPD/EOP, Cynthia A. Rice/OPD/EOP
cc: See the distribution list at the bottom of this message
Subject: Jeffords-Kennedy and BRIDGE

Joanne Cianci and Lori Schack prepared the following critique of DOL's memo on consolidating the BRIDGE and J-K work incentive grants program. I am forwarding this on their behalf.

DOL Position. DOL's paper addressed a proposal to conduct BRIDGE within the J-K Title IV constraints. DOL stated there are both substantive (different scopes and services) and constituency concerns. EIML does not share these concerns, particularly under the EIML proposal.

EIML Proposal. EIML recognizes that J-K Title IV and BRIDGE are different; however, they share a similar intent. The EIML proposal would eliminate the J-K Title IV grants, and replace them with an adapted BRIDGE proposal (i.e., smaller size, more targeted scope). DOL would still administer BRIDGE.

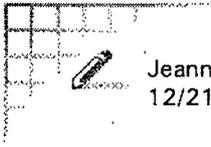
As written Title IV requires SSA to contract (competitive grants, contracts or MOUs) with public and/or private agencies to provide benefits planning and assistance, and counseling on Federal and State work incentive programs to individuals with disabilities. These services would be available to the broad population of individual's with disabilities, though the DI/SSI population is explicitly included. Although this is more limited than BRIDGE, it is a subset of potential BRIDGE activities. Theoretically a provider could receive both J-K Title IV and BRIDGE funds to provide the same service.

The EIML proposal would replace a relatively narrow proposal with a broader coordinated initiative. It is important to note that SSA currently does not provide counseling services or direct referrals, and deals with only a small portion of the population of individuals with disabilities. Although SSA would presumably participate, BRIDGE would grant flexibility to communities and providers with experience in counseling to design a program to target adults with disabilities who want to work.

The Social Security Trust Funds Should NOT Fund BRIDGE. Title IV authorized the Trust Funds and/or the general fund to pay for the working incentive grants. The Trust Funds are off-budget though a portion of them are available to SSA, subject to the discretionary spending caps, for expenditures related to administering Title II of the Social Security Act. Even if BRIDGE is considered mandatory, this is NOT free money and must be offset with other off-budget savings.

Recommendation. EIML recommends that DOL reconsider the proposal as stated above. DOL should do this in consultation with SSA, which was not represented at last week's meeting.

NOTE: In addition to the work incentive grants, Title IV includes provisions for other grants and the creation of the Advisory Council.



Jeanne Lambrew
12/21/98 03:39:36 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:

Subject: Bridges

Hello,

Chris and I spoke about this issue and we agree that something needs to be done ASAP. Have you sent Seth's memo to Barbara and Larry Matlock? We sort of think that this is their problem, and certainly Seth's solution is their problem! Maybe you can give Barbara a call (I don't know the program and process well enough).

Also, I spoke with Connie at Kennedy's office. They would be happy to consider working with BRIDGES, but not before introduction (they have a deal to not change the bill until mark-up -- but we may be able to work this on the house side). They would be fine if we put the description of BRIDGES in our budget under J-K, but the money in Title IV is not enough to make Coehlo et al. happy.

Thanks, Jeanne

December 16, 1998

The BRIDGE Program and Kennedy-Jeffords Title IV Grant Program

Background

- Discussion at an NEC meeting last Thursday focused on achieving the objectives of the BRIDGE program by using the Senate substitute for H.R. 3433 (Kennedy-Jeffords) as a statutory basis for establishing the BRIDGE program, on the presumption that the grant program in Title IV of Kennedy-Jeffords is very similar to the BRIDGE proposal and can be easily revised to achieve the BRIDGE objectives.
- The strategy would be to announce the BRIDGE program as part of the FY 2000 budget, with resources similar to those in Kennedy-Jeffords and then work with the Senate to tweak the Senate bill to make it more like the BRIDGE proposal. The principal advantage of this approach is that the Senate substitute provides funding for a grant program that is "off budget" and requires no PAYGO offsets.

The Problem

- The strategy discussed at the NEC meeting will not work for both substantive and constituency reasons.
- The Title IV grant program would achieve only a small part of the overall objectives of the BRIDGE proposal. The BRIDGE proposal essentially has two parts: (1) front-end counseling and information-provision to adults with disabilities seeking employment; and (2) systems change through the integration of employment-related services for adults with disabilities. The Title IV grant program makes funds available only for the training and hiring of specialists who would counsel people with disabilities on available work incentives programs.
- Thus, the Title IV grant program would have to be significantly revised and expanded in order to achieve overall objectives of BRIDGE. Also, Title IV contemplates very small grants (\$50,000 - \$300,000) befitting the program's narrow purpose. BRIDGE grants would be capped somewhere in the vicinity of \$5 million dollars. A significant expansion in funding for grants would be needed to pay for the second part of BRIDGE: systems change grants to achieve service integration/coordination that are administered through DOL and the local workforce development system.
- Any attempt to absorb the Title IV grant program into a larger BRIDGE proposal in Kennedy-Jeffords that would have money flowing through DOL would present significant constituency problems in the disability community, given that the grant program has been designed to provide money directly to institutions independent living centers serving people with disabilities and any attempt to change this would be a political nightmare.

Two Alternative Strategies

Alternative #1: Find PAYGO Offsets to Fund the BRIDGE Program

- One strategy is to fund the BRIDGE program with either mandatory or discretionary funds using the authority provided under JTPA and the Workforce Investment Act, as has been discussed over the last several weeks, which would require PAYGO offsets.
- Given the tightness of the budget with respect to finding PAYGO offsets for either increased mandatory or discretionary expenditures, it is necessary to consider an alternative strategy that would not require PAYGO offsets.

Alternative #2: Place Funding of the BRIDGE Program Off Budget

- This alternative would add the BRIDGE program in its entirety to Kennedy-Jeffords, including the administration of the grants through DOL and the local workforce development boards, and would explicitly provide authority to charge these funds for BRIDGE to the SSA trust funds as is done for the Title IV grant program on work incentives counseling.
- A significant advantage of this approach is that it would place the funding for BRIDGE off budget and would eliminate the need to find offsets for the funding.
- The approach would require the BRIDGE program to be focused exclusively on recipients of SSDI and SSI. A good case can be made that this is the part of the out-of-the-workforce disability community that we should care the most about given the large amounts of money going into benefit payments.
- A disadvantage of this alternative is that the overall BRIDGE objective of integrating and coordinating services for all persons with disabilities would not be achieved.
- Another disadvantage is that the charging of the BRIDGE grant funds to the SSA trust funds would be a bigger departure from tradition than the Title IV grant program in Kennedy-Jeffords, and Congress may reject the approach. The Title IV grant programs goes beyond the traditional use of trust funds to pay for cash benefits and for the reimbursement of return-to-work services provided to SSDI and SSI individuals, but does retain the notion of direct services to SSDI and SSI recipients.
- Finally, SSA is only beginning to consider this approach and may have significant concerns about assuring accountability of funds, particularly when the grant administration involves DOL and local workforce development systems and the funding must be used only for SSDI and SSI recipients. Further discussions with SSA, OMB, and DOL would be required before pursuing this alternative.

- ① Chou/Matlock/Smalley
- ② SSA - when is Ken
- ③ DOL → this or nothing?

Chapter One

Initial Recommendations to the President from the Presidential Task Force on Employment of Adults with Disabilities

The Task Force wishes to recognize the outstanding work already completed and underway by the Clinton Administration to improve the employment of adults with disabilities. On July 29, 1998, President Clinton signed an Executive Memorandum to reinforce the mission of the Executive Order through initiatives carried out by the Small Business Administration, the Department of Justice, the Equal Employment Opportunity Commission, and the Department of Health and Human Services.

The Task Force also wishes to acknowledge the efforts of the Section 2 work groups. The Task Force has received the work group summaries and will be reviewing and using them as the basis for future activities as appropriate. We have included these reports in Appendix A. Again, the Task Force has yet to review the summaries or to endorse the recommendations.

The Task Force respectfully submits the following recommendations to the President of the United States of America for immediate consideration:

The Task Force recommends that:

The President direct the Department of Health and Human Services, the Social Security Administration, and other appropriate Administration representatives to continue their work with Senators Jeffords and Kennedy and the leadership of the 106th Congress to pass affordable, feasible legislation promptly that helps people with disabilities maintain their health care coverage and return to work.

Americans with disabilities often are unable to obtain health care insurance that provides coverage of the services and supports that enable them to live independently and to enter or to rejoin the workforce. The Work Incentives Improvement Act proposed by Senators Jeffords and Kennedy in the 105th Congress would increase Medicaid options and state resources for people with disabilities. It would also allow all Americans receiving Social Security Disability Insurance (SSDI) to retain Medicare coverage when they return to work. An additional component of this legislation, called the "ticket," would provide SSDI and SSI adult beneficiaries with a greater set of options regarding vocational rehabilitation and other employment services by enabling them to select a provider in the public or private sector.

The Task Force recommends that:

The President continue to work with Congress to pass the Patients' Bill of Rights.

The Bill of Rights would require a choice of providers, including provider network adequacy provisions, access to specialists, information disclosure, transitional care provision; access to emergency room services, participation in treatment decisions, laws on anti-gag clauses,

disclosure of financial incentives, protection of the confidentiality of health information, anti-discrimination provisions, and access to an appeal process.

The Task Force recommends that:

The President direct the Department of Treasury to examine tax options to assist adults with disabilities in paying for expenses related to work.

Working-age adults with disabilities often have a disincentive to work because of the high cost of personal attendant services and other services or technologies required for employment. Similarly, the cost to employers of hiring an individual requiring personal attendant services can be prohibitive. Tax credits provide a flexible way to assist people with disabilities in defraying these expenses.

The Task Force recommends that:

The President propose a program to increase the employment rate of adults with disabilities by fostering interdisciplinary consortia and service integration by providers of services to adults with disabilities at the state and local level.

Adults with disabilities often require services and resources from a variety of places, such as health care and transportation. If agencies and departments are not well coordinated, it can be difficult for these adults with disabilities to have adequate information to obtain and to retain employment. This program would help facilitate coordination and create partnerships among the many agencies serving adults with disabilities.

The Task Force recommends that:

The President should consider accelerating development and adoption of information and communication technologies that can be used by the 54 million Americans with disabilities. A first step would be to provide support to universities that develop curricula on universal design.

These courses would be offered in traditional classrooms settings and use distance-learning technologies that would train hardware and software engineers to develop products that are accessible to and usable by persons with disabilities.

The Task Force recommends that:

The President direct the Small Business Administration to launch a new outreach campaign to educate Americans with disabilities who own or want to start their own businesses. The campaign would provide greater access to entrepreneurial development programs, financial assistance initiatives, and government contracting opportunities, including the Section 8(a) program, HUB Zones, and small disadvantaged business (SDB) program.

Section 8(a) provides contracting opportunities for disadvantaged businesses. An outreach campaign would improve communication of information to the disability community about their eligibility for this program and other related opportunities for adults with disabilities who own or want to start their own businesses through SBA

The Task Force recommends that:

The President direct Office of Personnel Management and other appropriate agencies to explore measures aimed at eliminating the stricter standards currently applied to adults with psychiatric disabilities and to extend to these individuals opportunities currently available to individuals with mental retardation and severe physical disabilities.

There are three excepted appointment authorities explicitly applicable to individuals with disabilities. Excepted appointing authorities exempt individuals from the competitive appointment process. Schedule B excepted appointments for individuals with psychiatric disabilities are more stringent than Schedule A excepted appointments.

The Task Force recommends that:

The President direct agencies and departments to implement a model plan to be developed by the Office of Personnel Management to increase the representation of adults with disabilities in the federal workforce.

While the federal government has made significant hiring gains, the percentage of adults with severe disabilities in the federal workforce still lags far behind their availability. The Task Force urges the President to direct the Office of Personnel Management to develop a model plan to increase representation of adults with disabilities in the federal workforce that: 1) helps departments and agencies provide opportunities for students with disabilities to participate in internship and student employment programs; 2) encourages all departments and agencies to give full consideration to employees with disabilities for inclusion in developmental opportunities designed to enhance their leadership skills and to advance their careers; 3) urges all departments and managers to recruit widely for positions at all levels of the federal workforce, including at the GS-13 to 15 and senior executive service levels, and 4) collects and maintains data to monitor the success in achieving a higher percentage of adults with disabilities in the federal workforce.



Joanne Cianci

01/08/99 01:38:07 PM

Record Type: Record

To: Christopher C. Jennings/OPD/EOP, Jeanne Lambrew/OPD/EOP, Cynthia A. Rice/OPD/EOP, Barbara Chow/OMB/EOP

cc: See the distribution list at the bottom of this message

Subject: Jeffords-Kennedy Costs

The following Titles/Provisions of the Jeffords-Kennedy bill would result in non-health spending in FY 2000 and/or the five-year budget window. This does not address the grant program included in Title IV.

Total:

FY2000: -\$8 million

FY2000-2004: \$134 million

TITLE II:

Prohibition on Using Work Activity as a Basis for Review of an Individual's Disabled Status. This provision would prohibit work activity from triggering a continuing disability review or from being used as evidence that an individual is no longer disabled for the first 24 months an individual is eligible for benefits. **FY2000: \$5m; FY2000-2004: \$80m.**

TITLE V (Note: These demos are often discussed as part of the Ticket proposal):

\$1 for \$2 Benefit Offset Demonstration. This mandates that SSA undertake a demonstration project that reduces SSDI benefits by \$1 for each \$2 earned above a specified level. Under current law, a DI beneficiary in the extended period of eligibility loses their entire cash benefit if they earn more than \$500 a month. **FY2000: 0; FY2000-2004: \$38m.** (Does not include health costs.)

Extension of DI Program Demonstration Project Authority. This provision would reauthorize SSA's DI demonstration authority which expired in June 1996. **FY2000: \$3m; FY2000-2004: \$16m.**

OTHER TITLES

The Ticket (Title III) and all other SSA provisions would result in savings or increased revenues.

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