

SSA-OD-98-1
(closing date: June 19, 1998)

Eligible applicants: State government entities only

SOCIAL SECURITY ADMINISTRATION

Demonstration Program: Cooperative Agreements for State Projects which Increase Employment of Individuals with Disabilities Who Receive Public Support; Program Announcement No. SSA-OD-98-1.

AGENCY: Social Security Administration

ACTION: Announcement of the availability of fiscal year (FY) 1998 cooperative agreement funds and request for applications.

SUMMARY: The Social Security Administration (SSA) announces the availability of cooperative agreement funds to conduct demonstration projects, as authorized under section 1110 of the Social Security Act. The purpose of the demonstration projects is to assist States in developing integrated service delivery systems which increase employment of individuals with disabilities who receive Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). SSA anticipates that additional funding for the demonstration projects may be provided by the Department of Labor (DOL), Department of Health and Human Services' (DHHS) Center for Mental Health Services (CMHS) and other Federal agencies. CMHS, a division of the Substance Abuse and Mental Health Services Administration (SAMHSA), is particularly interested in the populations who are adults with serious mental illness. To the extent that funding is provided by other Federal agencies, which have the authority to fund research on populations other than beneficiaries of SSDI and SSI, the projects may also serve recipients of Temporary Aid to Needy Families (TANF) who are disabled.

President Clinton signed an Executive Order on March 13, 1998 establishing a National Task Force on Employment of Adults with Disabilities and designating the Secretary of Labor as the chair of this effort. The Executive Order, through the efforts of the Task Force, will create a coordinated and aggressive national policy to bring working-age individuals with disabilities into gainful employment at a rate approaching that of the general adult population. This announcement is one of the first coordinated efforts to increase employment of adults with disabilities under this Executive Order.

NOTE: An independent contract shall be awarded, under a separate notice in the Commerce Business Daily, to an entity or organization designated as the Project Office. The Project Office will provide State demonstration projects with technical assistance, conduct an evaluation, and disseminate the findings.

DATES: The closing date for receipt of cooperative agreement applications under this announcement is **June 19, 1998.**

FURTHER INFORMATION CONTACTS: For information on the program content of the announcement/application, the contacts are: Nancy Sciabarrasi, Program Analyst, or Arlene Lerner, Program Analyst, SSA, Office of Disability, Division of Employment and Rehabilitation Programs, 545 Altmeyer Bldg, 6401 Security Boulevard, Baltimore, Maryland 21235. The fax number is (410) 966-1278. The telephone numbers are (410) 965-8082, (410) 965-1729, and (410) 965-0078.

To request an application kit or for general (non-programmatic) information regarding the announcement or application package: E. Joe Smith, Grants Management Officer, SSA, Office of Acquisition and Grants, Grants Management Team, 1-E-4 Gwynn Oak Building, 1710 Gwynn Oak Avenue, Baltimore, Maryland 21207-5279. The fax number is (410) 966-9310. The telephone numbers are (410) 965-9503 and (410) 965-9262. Internet email address is joe.smith@ssa.gov.

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PART I. PROGRAM DESCRIPTION

A. Introduction

Projects funded under this notice will be part of SSA's Employment Strategy Research Agenda to increase beneficiaries' incomes through earnings and stable employment.

B. Background

Despite the increase in potential for employment created by technology, legislation, and changes in societal attitudes, only a small percentage of SSDI/SSI beneficiaries leave the rolls because of work activity. There are a number of reasons for this. First, beneficiaries of SSDI and SSI, by definition, have serious disabilities, which limit choices in employment. However, disability advocates report that many individuals with disabilities who receive public assistance want to work, or increase their work activity, and would be able to, with proper assistance and support. There is also evidence that many individuals with severe disabilities do work, and are not relying on income supports.

Additionally, people with disabilities who want to work face significant barriers. Many advocates and people with disabilities contend that the loss of mental and physical health benefits is the largest impediment. Employment based health insurance is frequently not available to those with disabilities, due to pre-existing condition clauses or exclusions of treatment for mental illness. Private insurance is often unaffordable for people with serious illnesses and chronic or long-term impairments, since they are charged much higher than average

premiums. Public health insurance and long-term care services are usually tied to income support programs such as SSI, SSDI, and TANF.

Further, while the SSDI, SSI, Medicare and Medicaid programs all contain valuable work incentive provisions which can extend cash benefits and medical coverage, they are under-used, and are poorly understood by beneficiaries and professionals alike. The complexity and nature of the work incentives creates uncertainty and fear among beneficiaries that they will lose vital income supports and coverage for mental and physical health care if they attempt to work.

Finally, for many beneficiaries, work does not result in added income. In fact, many even experience a real loss of income with work activity, since they lose their cash and medical benefits at the same time they are incurring additional expenses (e.g., transportation, clothing, child care) when they work. This unfortunate irony, that "work doesn't pay," keeps many people with disabilities from attempting or increasing work activity.

Many people with disabilities rely on the patchwork of financial supports, which have different eligibility criteria and application procedures. The benefits derived from a number of these programs are means-tested. Increases in income can also cause rent increases in Section 8 housing, loss of food stamps or public assistance payments, etc. Many individuals who may be willing to risk the loss of cash benefits from TANF, SSDI or SSI cannot absorb the loss of housing subsidies and other supports.

Despite these barriers, many people with severe disabilities have managed to use existing services and work incentives to reach their goals of financial self-sufficiency, while retaining necessary supports. However, even those who are successful in returning to work frequently report that there were far too many hurdles to overcome. Often, the availability of individualized rehabilitation services or a knowledgeable advocate made a difference. Some States have successfully structured systems that effectively coordinate Federal and State services and supports to SSI and SSDI beneficiaries and TANF recipients who decide to return to work. Anecdotal evidence of the efficacy of such programs is promising; hard evidence is now needed.

Federally designed and managed approaches for diminishing work disincentives have limitations. States vary enormously in the structure, availability and effectiveness of their social welfare programs. Some States supplement SSI payments and some do not. There are many regional variations in the availability and quality of subsidized housing, public transportation, work opportunities, and vocational rehabilitation (VR) services. States are taking various approaches in implementing the Welfare Reform Act with TANF recipients. In most States, SSI recipients

are automatically eligible for Medicaid, but in a handful of States, there are separate application procedures and eligibility criteria for Medicaid and SSI. Many States operate part of their Medicaid programs under waivers; examples of waivers include requiring Medicaid recipients to enroll in capitated plans, or allowing a "buy-in" to Medicaid funded health care plans. Part of the philosophy behind the approach of waiver and other demonstration projects is to encourage experimentation at the State level. Eventually, projects that obtain good outcomes can be replicated, with savings in public expenditures.

C. Purpose of Demonstration Projects

We are seeking powerful, well-researched, and comprehensive demonstration programs which will increase income for recipients through earnings, and be at least cost neutral. Demonstration programs should find ways to incorporate efficiencies created by technology, especially for those with physical impairments such as limb loss, blindness, or loss of hearing; and demonstrate innovations in the coordination of medical, rehabilitation, and other service delivery systems. Another goal is to use data to measure the cost-effectiveness of these projects, with measures such as increases in participant income and decreases in reliance on public benefits. Additionally, SSA has a responsibility to use research findings to determine how well our program is meeting its objectives, and the nature and extent of changes that may be needed. (Social Security Advisory Board Report: Strengthening Social Security Research: The Responsibilities of the Social Security Administration, January 1998). The Project Office, described in the Summary, and SSA will provide guidance to the States in developing useful measures of cost-effectiveness.

SSA does not expect that these demonstration projects will be able to resolve the complex barriers that prevent people with disabilities from working to their full potential. SSA's goal in providing this funding is to assist States in designing, implementing, and evaluating inter-agency infrastructure that addresses a comprehensive range of aspects of this problem. SSA hopes that these projects will provide information that will assist both the States and SSA in developing policy that encourages individuals with disabilities to work. Further, SSA recognizes that States are in different stages of addressing this issue. Some already are developing or have in place programs with goals and features similar to those described in this notice, while others are considering such projects.

SSA envisions that this process of developing and improving integrated State systems will evolve over the course of several years. SSA recognizes that, before they can even test any comprehensive models, States must obtain a great deal of information and answers to many questions; this process also may

involve obtaining waivers from both the Health Care Financing Administration (HCFA) and SSA.

Projects could include activities such as:

- ◆ Promotion of employment opportunities for consumers of mental health services by State agencies;
- ◆ Feasibility studies and joint planning initiatives with consumers, advocates, employers and other stakeholders;
- ◆ Research design, data collection, management information, and/or data analysis and evaluation activities;
- ◆ Development of comprehensive models of integrated service delivery systems; and
- ◆ Extension of health care coverage to consumers of mental health services who are currently employed, but have exhausted work incentive extensions of Medicare.

SSA also envisions that States which are awarded cooperative agreements under this announcement may work in partnership with other States throughout this process. Partnership activities such as sharing information and ideas should facilitate the achievement of project goals. For example, States may be able to describe how they found better ways to: educate beneficiaries about work incentives; structure a Medicaid waiver; set up a management information system; or reduce barriers to cooperation among State agencies.

D. Description of Projects

In order to be considered for funding, applicants must describe: their current system; the innovations they intend to make in existing systems; barriers to employment which their proposals will address; their target population(s); how they plan to solicit and enroll project participants; the scope of the project; and a description of how this project achieves program goals.

Applicants shall describe how this project will develop systems that:

- **Designate one over-arching, centralized location** (State Coordinator) to be responsible for coordinating all activities to ensure that all involved agencies and programs provide appropriate services to the project participants;
- **Adopt an Approach** which assures the coordinated delivery of health, long term care, vocational rehabilitation, public assistance, and job training and employment programs, including emerging One-Stop career center systems, in support of each person's vocational goals for paid

employment;

- **Simplify Customer Interface.** Consolidate/manage/integrate, at the State or local level, the current patchwork of independent health, long term care, and employment programs into a single (or small number of), coherent, easily understood, easily accessed, and cost-effective program(s);
- **Identify the Departments or Agencies** that will be involved in the project, their roles, and how project sites and target populations will be selected;
- **Ensure Adequate Health Care and Long-Term Supports.** Develop methods to ensure that project participants will continue to have affordable, adequate health and long term care after they begin working, and describe strategy for obtaining program waivers from HCFA, if needed. As appropriate, recognize mental health needs of project participants, and consider implementing Section 4733 of the Balanced Budget Act of 1997 whereby States, in determining Medicaid eligibility for disabled working individuals, can consider a family's net income in conducting the Family Income Test of 250 percent of the poverty level (Part VII, Section B); and
- **Reduce Uncertainty** about loss of income and other supports for participants.

Applicants should describe the assistance they need from both public and private organizations to coordinate the project and submit evidence to SSA of these organizations' capabilities, and willingness to participate (e.g., letters of intent, memorandums of understanding). [Applicants should not request letters of intent or commitment from Social Security field offices. SSA will obtain field office agreements, to the extent necessary, after awards of cooperative agreements.]

Target groups: Beneficiaries or applicants for SSDI and/or SSI disability benefits will be served in each demonstration State. The projects may be part of larger State initiatives which serve other individuals with disabilities, such as TANF recipients; however, funds provided by SSA cannot be used to serve people with disabilities who are neither beneficiaries nor applicants for benefits, due to limits in SSA demonstration authority. Each State will need to determine a sample size for the project which is large enough to satisfy normal research requirements for statistical significance. Applicants should indicate sample sizes and the statistical justifications for that sample size. Applicants should base the selection on targeted groups or subpopulations of people with disabilities.

Examples of populations that should be considered in the target groups are:

- o Adults with physical disabilities, including those with mobility limitations, loss of limbs, sight and/or hearing impairments;
- o Youth with disabilities nearing adulthood;
- o People with mental illness;
- o People with either mental or physical disabilities who have dependent children, particularly TANF recipients; and
- o People with disabilities who belong to ethnic and/or racial minority groups.

E. Program Goals

The overall goal of the demonstration projects is to assist States in developing the infrastructure which enables and facilitates the coordination of various service delivery systems in each State which increase the rates of gainful employment and self-sufficiency of people with disabilities.

This goal will be considered achieved to the degree that the projects:

- 1) Establish new structures and partnerships that use existing local and State resources to consolidate the current patchwork of income, benefits and services into a coherent and easily understood program;
- 2) Establish partnerships that involve private agencies and employers in the attainment of project goals;
- 3) Demonstrate effective, efficient, and cost-effective, approaches for return to work or work for the first time; and
- 4) Develop documented models of service delivery that can be replicated for SSI/SSDI beneficiaries.

By effective, SSA means methods that result in increased income through earnings at sustained employment. By efficient, SSA means methods that assist large numbers of individuals while imposing the smallest amount of burden on the individuals and governmental agencies. By cost-effective we mean that the demonstrated approaches are cost neutral or cost saving as compared with alternate service coordination or delivery systems which are already in place or are being tested. In this regard, costs should be net of savings realized by the models to be tested. Therefore, States should take into account potential

savings across all government programs, e.g., reductions in Section 8 housing, Food Stamps, and various State and county-funded social service and health care delivery programs.

Specific Outcome Measures

Because projects to be funded will be evaluated centrally and compared, they will be required to explain how they will measure outcomes, based on a set of performance indicators. These are:

- Increases in the numbers of beneficiaries served, and of beneficiaries served who receive comprehensive, coordinated services, according to the structure of the new services infrastructure being tested;
- An increase in number of beneficiaries who increase their incomes through earnings due to employment;
- An increase in the number of beneficiaries who have health care coverage (including private health insurance) after leaving the rolls, or continue to have this coverage after receiving reduced SSI benefits;
- An increase in percentage of income that earnings represent for project participants;
- An increase in the number of hours worked and/or an increase in period employment is sustained by beneficiaries;
- An increase in the number of beneficiaries who choose to leave the Social Security rolls, or receive reduced SSI benefits, because of work activity; and
- Decrease in the level of participant dependence on public benefits and services.

F. Appropriate Service Approaches

At each location, projects will obtain information that can be used to develop a service delivery system that reflects a team-based approach to serving individuals.

- The goal is to develop a system that ensures a comprehensive service package of supports which coordinates such elements as vocational planning and support; unemployment benefits; employer and employee coaching; financial planning; risk management; health (including mental health) coverage and long term care; job search, job development, job placement, training, and on-going job support; transportation; housing; and other necessary supports (such as mobility enhancements or medication management). As appropriate, health coverage could reflect guidance in the letter dated March 9, 1998

from DHHS to State Medicaid Directors. (Part VII, Section B)

- As appropriate to the project design, each location will provide project participants with information about work incentives and, to the extent possible, assist participants in using them, and link with State and local workforce development systems, including One-Stops.
- The people with disabilities who are served in projects should experience easy access to the system, seamless connections between service providers and employers, and a smooth transition to competitive employment.

Interagency agreements, contracts, or other signed agreements may be used to secure a comprehensive model. These partnerships may involve public agencies and organizations, such as the county human service department (transportation, personal care, community-based long term care); employment agencies, including the State division of VR (vocational supports), the State employment security agency, the State job training agency; the SSA local office (technical assistance, coordination); and the State department of health and family services (technical assistance, SSDI and Medicaid safeguards, project sponsorship, etc.). They may also involve private and not-for-profit agencies which serve people with disabilities, such as those that provide a continuum of care for consumers of mental health services, or individuals with physical impairments such as a loss of sight, hearing, or a limb, or agencies that provide comprehensive employment services for individuals with disabilities.

PART II. AUTHORITY AND TYPE OF AWARDS

A. Statutory Authority and Catalogue of Federal Domestic Assistance

Legislative authority for this demonstration project is in Section 1110 of the Social Security Act. The regulatory requirements that govern the administration of SSA awards are in the Code of Federal Regulations, Title 45, Parts 74 and 92. Applicants are urged to review the requirements in the applicable regulations. (Catalog of Federal Domestic Assistance Program No. 96.007, Social Security Administration--Research and Demonstration.)

B. Type of Awards

All awards made under this program will be in the form of cooperative agreements. A cooperative agreement anticipates substantial involvement between SSA, the Project Office (under contract to SSA), and the State Coordinator (awardee), and

demonstration sites during the performance of the project. Involvement will include collaboration or participation by SSA and the Project Office in the management of the activity as determined at the time of the award. For example, SSA will approve each State's methodology and be involved in decisions involving strategy, hiring of personnel, deployment of resources, selection of contractors, release of public information materials, project evaluation, coordination of activities with the Project Office, etc. The Project Office will evaluate any changes requested by State Coordinators and submit their recommendations to SSA for approval and, provide guidance and oversight to State Coordinators in the development, implementation and management of demonstrations.

SSA may suspend or terminate any cooperative agreement in whole or in part at any time before the date of expiration, whenever it determines that the awardee has materially failed to comply with the terms and conditions of the cooperative agreement. SSA will promptly notify the awardee in writing of the determination and the reasons for suspension or termination together with the effective date.

C. Number, Size, and Duration of Projects

Approximately \$4.5 million in SSA research funds is available to fund all State demonstration projects under this announcement during fiscal year 1998. SSA anticipates additional funding will be available in fiscal years 1999, 2000, and beyond. SSA intends to fund projects up to 5 years, subject to the availability of funding, in recognition of the fact that it will take that long to develop and test a strategy to overcome barriers and start to realize the long-term cost-effectiveness of approaches funded and evaluated under these cooperative agreements. We anticipate that additional funding may be provided by other Federal agencies; however, specific amounts are undetermined at this time. SSA intends to fund as few as five and up to ten States to conduct demonstration projects.

These demonstration projects will include the following:

- At least two sites shall be included in each demonstration State.
- A sample of volunteer SSDI and/or SSI disability beneficiaries will be served in each project. The number of beneficiaries enrolled must be large enough to satisfy standard research requirements for a representative and valid sample. If additional funding is provided by other Federal agencies, this funding may be used for beneficiaries or applicants of SSDI/SSI and individuals with disabilities who are participants in other Federal, State, and local public assistance programs (e.g., TANF).

- The demonstration projects may be part of larger State initiatives which serve populations other than the disabled beneficiaries. In that case, the model design proposed in response to this announcement must allow for the independent measurement of the model on its participants, i.e., separate from non-participants.

D. Grantee Share of the Project Cost

SSA will not provide total funding of any project. Recipients of an SSA cooperative agreement are required to contribute a non-Federal match of at least five percent toward the total approved cost of each project. The total approved cost of the project is the sum of the Federal share (95 percent) and the non-Federal share (5 percent). For example, a project which is awarded a total of \$100,000 in Federal funds would need a total approved cost of at least \$105,263 including a non-Federal share of at least \$5,263. The non-Federal share may be cash or in-kind (property or services) contributions.

PART III. THE APPLICATION PROCESS

A. Eligible Applicants

Only State government entities may apply for cooperative agreements under this announcement. The State will designate a State Coordinator, which may be an over-arching team, or individual in the Governor's office, or in a lead agency to oversee the project. This entity must also give evidence that it has worked, is working and will work closely with people in their State with disabilities. It must also demonstrate coordination with State Human Resource Investment Councils, State Job Training Coordinating Councils, and local level Private Industry Councils or Workforce Development Boards. Applications which do not meet this eligibility criterion at the time of submission will not be accepted.

State Coordinators are encouraged to involve other public and private organizations through interagency agreements or other mechanisms, if necessary, to integrate services. Also, State Coordinators should identify appropriate resources that may be necessary (e.g. seek waivers with the HCFA to expand Medicaid coverage) to achieve program goals.

Although States may, and are encouraged to, include other public and private organizations as co-participants or subcontractors, the State shall be identified as the lead applicant. As such, the State shall hold responsibility for administration of the agreement.

B. Application Process

The cooperative agreement application process consists of a one-stage, full application. The application will be competitively reviewed by independent reviewers against the evaluation criteria specified in this announcement (see Part V). Applications will also be reviewed against others with similar target populations; for example, all applications focusing on transition of youth from school to work will be competitively reviewed against each other.

C. Application Consideration

Applications are initially screened for relevance to this announcement. If judged irrelevant, the applications are returned to the applicants.

Applications that are complete and conform to the requirements of this announcement, the instructions in Form SSA-96-BK and the separate instructions for completing Part III, Program Narrative, will be reviewed competitively against the evaluation criteria specified in Part V of this announcement and evaluated by Federal and non-Federal personnel. The results of this review and evaluation will assist the Commissioner of Social Security in making funding decisions. Although the results of this review are a primary factor considered in making the decisions, review scores are not the only factor used. In selecting applicants to be funded, consideration may be given to achieving an equitable distribution of assistance among geographic regions of the country and to avoiding unnecessary duplication of effort.

All applicants must use the guidelines provided in the SSA application kit (Form SSA-96-BK) and the separate instructions for completing Part III, Program Narrative, for preparing applications requesting funding under this cooperative agreement announcement. These guidelines are the minimum amount of required project information. Projects are responsible for collecting data according to the guidelines provided, producing regular reports according to the guidelines provided, and producing a final report which analyzes the successes and/or failures of the methodology used to rehabilitate SSI/SSDI beneficiaries and help them enter the workforce.

All projects must adhere to SSA's Privacy and Confidentiality Regulations (20 C.F.R. Part 401) for maintaining records of individuals, as well as provide specific safeguards surrounding client information sharing, paper/computer records/data, and other issues potentially arising from a team approach to managed care.

D. Application Approval

Cooperative agreement awards will be issued within the constraints of available Federal funds and at the discretion of SSA. The official award document is the "Notice of Cooperative Agreement Award." It will provide the amount of funds awarded, the purpose of the award, the budget period for which support is contemplated, the amount of grantee financial participation, and any special terms and conditions of the cooperative agreement. In order to ensure that these projects are coordinated with the Period of Performance of the Project Office, no project will be operational before November 1, 1998.

E. Reimbursement of Costs

Federal cooperative agreement funds may be requested for reimbursement of allowable costs incurred by awardees in conducting the demonstrations. These costs could include administrative and overall project management costs, as well as local site services. These funds, however, are not intended to cover costs that are reimbursable under an existing public or private program. Generally, project funds should not be used to create new benefits or extensions of existing benefits, except to the extent that the project pursues extensions of services under waivers.

PART IV. DELIVERABLES AND EVALUATION REQUIREMENTS

A. General Requirements

The cooperative agreement awardees shall:

1. Provide the location of the demonstration service area(s) (by zip codes) to SSA within 15 days after award;
2. Attend an orientation meeting at SSA headquarters within 120 days after award. This orientation meeting may include: presentations by grantees to share experiences and provide technical assistance to other grantees, as well as, training by SSA on Social Security work incentives;
3. Provide appropriate service approaches as described in the application within 180 days after award;
4. Finalize the management information system (MIS) data collection elements and procedures with the Project Office and SSA within 145 days after award;
5. Develop and submit monthly reports that contain data collected to the Project Office as described in Part IV, Section B;
6. Develop and submit quarterly financial reports to SSA,

Office of Acquisition and Grants (OAG);

7. Begin to enroll participants within 180 days after the initiation of the projects;
8. Provide description of all planned changes to the project design to Project Office for approval by SSA;
9. Cooperate with the Project Office in scheduling and conducting site visits;
10. Assist the Project Office with the evaluation and use evaluation results to improve system;
11. Implement an ongoing management and quality assurance process that uses evaluation data; and
12. Attend an annual conference, participate in panel and small group discussions, and present a project description and findings to the assembly.

B. Data Collection and Reporting

Aside from the evaluation activities outlined in Part IV, Section C, States will be required to provide all collected data and report results to the Project Office and SSA.

Common data elements will be collected in all demonstration sites. This data will serve a dual purpose. The State Coordinator and the Project Office will use the data to assist the States in developing the model, managing the system, and determining what additional resources or other approaches are needed to improve the model. Data could be used to justify the budget neutrality of proposed waivers of SSA and HCFA regulations. The data will also be valuable to SSA in its analysis of and future planning for the disability programs.

All projects shall be responsible for the design, development, implementation, and maintenance of an MIS, which must be compatible with SSA database specifications. The MIS shall allow for necessary data collection on SSDI beneficiaries and SSI recipients. The specific data elements which must be collected and reported are listed below:

- (1) Beneficiary/recipient Name - Last, First, Middle
- (2) Date of Birth
- (3) Address
- (4) Telephone number
- (5) Social Security Number
- (6) Representative Payee (RP) Name (if appropriate)
- (7) RP address

- (8) RP telephone number
- (9) All taxes paid
- (10) SSDI beneficiary, SSI disability recipient, or both
- (11) Medicare recipient
- (12) Medicaid recipient
- (13) Subsidized housing or other rental subsidies
- (14) Food Stamps
- (15) General assistance
- (16) Estimate of the cost of State supports to consumer served in community-based residential or outpatient programs for the mentally ill or mentally retarded
- (17) Other State, Federal, or local supports, including TANF
- (18) Beginning date of employment
- (19) Monthly gross income
- (20) Monthly net income
- (21) Job title of beneficiary/recipient who finds employment
- (22) Length of employment
- (23) Reason for termination of employment and project "drop-outs."
- (24) Race
- (25) Ethnicity
- (26) Education
- (27) Other Training
- (28) Male/Female
- (29) VR referral
- (30) Prior VR referral
- (31) Prior work activity
- (32) Type and severity of disability
- (33) Job history of participant

Projects funded under this notice shall submit progress reports to the Project Office. SSA expects that States will need a period of time to develop integrated systems and begin data collections. Therefore, the first six monthly reports, which shall be submitted to the Project Office within 15 days after the end of each calendar month, shall include a description of the project, a status of data collection operations, type of actions taken and planned actions. Subsequent reports shall provide a status of the project, detailing any problems or proposed changes in the project (target population, interagency agreements, waivers, etc.) and specific information (baseline data/program statistics) as required by the Project Office and SSA. Additional periodic reports shall be submitted to the Project Office within 15 days after the month following each subsequent calendar month. NOTE: Any urgent requests for changes in the project shall be sent to the Project Office immediately.

Project Office personnel shall visit each project site at least two times in each year of the cooperative agreement. The Project Office shall review site operations, including data collection, and evaluate how States are finding ways to increase interagency cooperation and effectively use information and resources to

increase employment for people with disabilities.

Staff members from each demonstration project site shall attend one initial orientation meeting and an annual conference at SSA headquarters or an alternate site chosen by the Government. As described elsewhere in this announcement, these meetings will provide State awardees of cooperative agreements with the opportunity to exchange information with SSA, the Project Office, and other States.

C. Evaluation of Process

The purpose of process evaluation is for the State Coordinator to assess the extent to which the cooperative agreement project is successful in improving the outcomes for the target population(s) and the degree to which the processes established are responsible for attaining project objectives and SSA's goals (as listed in Part I, Section E).

For the individual project, periodic reports (as described in Part IV, Section B) shall be submitted to the Project Office. These reports will assist SSA, the Project Office, and the State with this evaluation, which should be an integral part of sound project management and service delivery, and it should also serve as a core component of a self correcting mechanism. Data and information that results from evaluation can be used, for example, to improve: the efficiency of the project's operations, use of staff, linkages between the project and the agencies through which comprehensive services are arranged, and specific aspects of service delivery to better meet the needs of target populations. In addition, the results from evaluation will be disseminated to other States to promote learning, program refinements, facilitate partnership, and achievement of project objectives. Timely comprehensive evaluation data also allows for cost-benefit analysis, which may inform policy decisions.

Applicants should also keep in mind that SSA will be conducting a cross-site evaluation of outcomes using an independent contractor, the Project Office. The data and periodic reports as outlined in Part IV, Section B is the minimum necessary to comprise common data sets across the funded demonstration projects and will be further refined by the Project Office. Within the first three months of the project, the Project Office will contact each of the grantees to coordinate the cross-site data collection, information exchange, and evaluation.

PART V. APPLICATION REVIEW PROCESS AND EVALUATION CRITERIA

A. Screening Requirements

All applications that meet the deadline will be screened to

determine completeness and conformity to the requirements of this announcement. Complete and conforming applications will then be evaluated.

1. **Number of Copies:** The applicant must submit one original signed and dated application and a minimum of two copies. The submission of seven additional copies will expedite processing, but will not affect the scoring of the application.
2. **Length:** The program narrative portion of the application (Part III of the SSA-96-BK) may not exceed 20 double-spaced pages (or 10 single-spaced pages) on one side of the paper only, using standard (8½" X 11") size paper. Attachments that support the program narrative count within the 20-page limit.

B. Evaluation Criteria

Applications which pass the screening process will be independently reviewed by at least three individuals, who will score the applications based on the evaluation criteria. There are four categories of criteria used to score applications: capability; relevance/adequacy of program design; resources and management; and project evaluation. The total points possible for an application is 100, and sections are weighted as noted in the descriptions of criteria below. The score for each application is the sum of its parts. The need to assure a wide geographic distribution of projects may take precedence over scores.

Following are the evaluation criteria which SSA will use in reviewing all applications (relative weights are shown in parentheses):

1. **CAPABILITY (25 points)**

The applicant's capability to develop and manage demonstration projects will be judged by:

- The existence of the necessary administrative resources to effectively carry out the project;
- Documentation of experience and results of past projects of this nature;
- Description of the proposed administration and organization of the project;
- The existence of an inclusive planning process and a comprehensive strategy that involves interagency cooperation

at the State level, providers, consumers, businesses, and other constituent groups;

- The existence of an adequate number of the targeted populations;
- Evidence of an understanding of the needs of the target population(s) and appropriate service strategies; and
- Description of the proposed process of acquiring participation.

Extra consideration may be given to applicants based on the quality and extent of their experience in return-to-work efforts for SSDI and SSI disability beneficiaries.

2. **RELEVANCE/ADEQUACY OF PROGRAM DESIGN (35 points)**

The adequacy of program/research design will be judged by:

- A description of the project, including: how the project will work; how this project differs from the present process/programs; and the quality of the project design;
- Strength of research design, including measurement tools, sample selection and size, and methodology that allow for comparisons among project approach(es), or to non-participants.
- A concise and clear statement of project goals and objectives; data to be collected; and specification of data sources;
- A workplan for conducting the project, including the tasks to be performed, scheduling of tasks and milestones in the progress of the project;
- A description of the process used to design the program, including community-based involvement of consumers and advocates;
- Appropriateness of the project's proposed goals and objectives relative to SSA's demonstration program goals (as noted in Part I, Section E) and the extent to which the project's goals are appropriate, achievable, and realistic;
- Evidence of how the approach proposed will accomplish objectives;
- Evidence of coordination with and commitment (such as interagency agreements or other signed agreements) from, but not limited to: health, mental health, welfare, community, and

education service providers; VR service providers; employment training programs; One-Stop Centers; and apprenticeship and public or private internship organizations;

- Evidence of collaboration with private sector employers in planning and implementing the project;
- Evidence of a model that uses existing resources, (e.g., work incentives) rehabilitation and employment as incentives for beneficiaries to become productive and contributing citizens;
- Extent and clarity of collaborative efforts with other organizations, including letters of intent or written assurances; and
- Description of problems that may arise and how they will be resolved, e.g. how dropouts, inadequate participants, etc., will be handled.

3. RESOURCES AND MANAGEMENT (20 points)

Resources and management will be judged by:

- Appropriateness of qualifications of the project personnel, as evidenced by training, experience, and publications, indicating that they have the skills required to competently carry out this research and to produce a final report that is comprehensible and usable;
- Evidence of adequate facilities and resources to plan, conduct, and complete the project;
- Evidence of successful previous experience related to the project program;
- Evidence of an infrastructure on which to build a new/innovative model with an emphasis on local and State resources;
- Evidence that the applicant will meaningfully involve beneficiaries, family members, and other representatives of target groups, including advocates in the process of planning, implementing, and evaluating the project;
- Appropriateness of the case management and monitoring systems and techniques, including a tracking system, management information system, and a range of other monitoring/management options;
- Extent and quality of project assurances that sufficient resources (including personnel, time, funds, and facilities) will be available to support this proposed project(s); and

- Cost effectiveness, per client costs, and reasonableness of overall project cost relative to planned services.

4. PROJECT EVALUATION (20 points)

The applicant's project evaluation plan will be judged by:

- Extent to which the State awardee proposes to use evaluation data to improve processes which serve people with disabilities;
- Extent to which the proposed evaluation complies with the requirements of SSA, in terms of data collection, reporting and achievement of State demonstration project goals;
- Extent to which the proposed evaluation staff demonstrate expertise in the area of program evaluation;
- Extent to which the project elements and methods are clearly defined, to support development of the comprehensive initiative and, where appropriate, replication;
- The extent to which staff have experience collecting, protecting and analyzing data on clients;
- The extent to which the project can demonstrate experience using data to answer research questions as well as make decisions about program improvements; and
- Evidence of a plan for disseminating results.

Part VI. INSTRUCTIONS FOR SUBMITTING APPLICATION

A. Availability of Forms

An application kit containing all instructions and forms needed to apply for a cooperative agreement under this announcement may be obtained by writing or calling the Grants Management Team, Office of Operations Contracts and Grants, OAG, DCFAM, Social Security Administration, 1-E-4 Gwynn Oak Building, 1710 Gwynn Oak Avenue; Baltimore, Maryland 21207. The fax number is (410) 966-9310. You may also telephone (410) 965-9262 and 965-9503. (e-mail: joe.smith@ssa.gov).

When requesting an application kit, please refer to program announcement number **SSA-OD-98-1** and the date of this announcement to ensure receipt of the proper kit. Also, provide your name, title, organization name, address, zip code and telephone number including area code.

B. Checklist for a Complete Application

The checklist below is a guide to ensure that the application package has been properly prepared.

- An original, signed and dated application plus at least two copies. Seven additional copies are optional but will expedite processing.
- The program narrative portion of the application (Part III of the SSA-96-BK) may not exceed twenty double-spaced pages (or ten single-spaced pages) on one side of the paper only, using standard (8½" X 11") size paper. Attachments that support the program narrative count within the 20-page limit.
- Attachments/Appendices, when included, should be used only to provide supporting documentation. Please do not include books or videotapes as they are not easily reproduced and are therefore inaccessible to reviewers.
- A complete application consists of the following items in this order:
 - (1) Part I (Face page) - Application for Federal Assistance (SF 424, REV 4-88);
 - (2) Table of Contents;
 - (3) Project Summary (not to exceed one page);
 - (4) Part II - Budget Information, Sections A through G (form SSA-96-BK);
 - (5) Budget Justification (explain how amounts were computed), including subcontract organization budgets;
 - (6) Part III - Application Narrative and Appendices;
 - (7) Part IV - Assurances;
 - (8) Certifications - regarding Lobbying and regarding Drug-Free Workplace; and
 - (9) Form SSA-3966-PC - card acknowledging receipt of application (applicant's return address must be inserted on the reverse, franked portion of the card).

C. Guidelines for Application Submission

All applications requesting Federal funds for cooperative agreement projects must be submitted on the standard forms provided in the application kit. The application shall be executed by an individual authorized to act for the applicant organization and to assume for the applicant organization the obligations imposed by the terms and conditions of the cooperative agreement award.

As part of the project title (page 1 of the application form SSA-96-BK, item 11), the applicant must clearly indicate the application submitted is in response to this announcement (SSA-OD-98-1).

Applications must be mailed or hand-delivered to: Grants Management Team, Office of Operations Contracts and Grants, OAG, DCFAM, Social Security Administration, Attention: **SSA-OD-98-1**, 1-E-4 Gwynn Oak Building, 1710 Gwynn Oak Avenue, Baltimore, MD 21207-5279.

Hand-delivered applications are accepted between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. An application will be considered as meeting the deadline if it is either:

1. Received on or before the deadline date at the above address; or
2. Mailed through the U.S. Postal Service or sent by commercial carrier on or before the deadline date and received in time to be considered during the competitive review and evaluation process. Packages must be postmarked by **June 19, 1998**. Applicants are cautioned to request a legibly dated U.S. Postal Service postmark or to obtain a legibly dated receipt from a commercial carrier as evidence of timely mailing. Private-metered postmarks are not acceptable as proof of timely mailing.

Applications that do not meet the above criteria are considered late applications. SSA will notify each late applicant that its application will not be considered.

NOTE: Facsimile copies will not be accepted.

Paperwork Reduction Act

This notice contains reporting requirements. However, the information is collected using form SSA-96-BK, Federal Assistance Application, which has the Office of Management and Budget clearance number 0960-0184.

Executive Orders 12372 and 12416 -- Intergovernmental Review of Federal Programs

This program is not covered by the requirements of Executive Order 12372, as amended by Executive Order 12416, relating to the Federal policy for consulting with State and local elected officials on proposed Federal financial assistance.

PART VII. REFERENCES

A. Acronyms

Frequently Used Acronyms:

- AFDC: Aid to Families With Dependent Children
- CMHS: Center for Mental Health Services (a division of the Substance Abuse and Mental Health Services Administration)
- DHHS: Department of Health and Human Services
- DOL: Department of Labor
- HCFA: Health Care Financing Administration
- SAMHSA: Substance Abuse and Mental Health Services Administration
- SSA: Social Security Administration
- SSDI: Social Security Disability Income
- SSI: Supplemental Security Income
- TANF: Temporary Aid To Needy Families
- VR: Vocational Rehabilitation

- B. Letter dated March 9, 1998 from DHHS to State Medicaid Directors (Attached)

March 9, 1998

Dear State Medicaid Director:

This letter is one of a series that provides guidance on the implementation of the Balanced Budget Act.

We are writing to alert you to a change in policy on section 4733 of the Balanced Budget Act of 1997 (BBA) from that set forth in our [State Medicaid Director letter dated November 24, 1997](#).

Section 4733 created an optional categorically needy group designed to provide Medicaid eligibility to disabled working individuals who, because of relatively high earnings, cannot qualify for Medicaid under one of the other statutory provisions under which disabled working individuals may be eligible for medical assistance.

In an enclosure to the November 24 letter, we described a two-step eligibility process consisting of a family income test of 250 percent of the Federal poverty level, followed by an individual eligibility determination. The family income test required that the family's gross income, essentially without deductions or exemptions, be compared to 250 percent of the poverty level for a family of the size involved.

Since release of the November 24 letter, concerns have been raised about the use of the family's gross income for the family income test. The primary objection is that using the family's gross income limits the amount of income individuals could have and still qualify for eligibility under this group to a point where, in approximately half the States, the income standard under section 4733 is lower than the income standard under section 1619(b) of the Act.

In view of these concerns, and after careful consideration of the options available, we have decided to change our policy on the family income test. Instead of using the family's gross income, States wishing to cover this group should measure the family's net income against the 250 percent family income standard. The family's net income is determined by applying all appropriate SSI income disregards, including the earned income disregard, to the family's total income. The result, i.e., the family's net income,

is then compared to the 250 percent income standard. Use of the family's net, rather than gross, income will have the affect of greatly increasing the amount of income a disabled individual can have and still qualify for eligibility under this group. This in turn will enable States to provide Medicaid to a greater number of disabled individuals, who without such coverage might not be able to work.

The revised enclosure explains use of the net, rather than gross, family income test. It also provides information, which was not included in the earlier version, on use of section 1902(r)(2) more liberal methodologies, as well as use of more restrictive policies in 209(b) States. We also make it clear that the SSI income standard, which is used to determine the individual's eligibility following the family net income test, includes optional State supplementary payments. Finally, the revised enclosure discusses the use of substantial gainful activity (SGA) as a criterion in determining eligibility under this group. We apologize for any inconvenience issuance of our previous policy may have caused. Any questions about this provision or this letter should be directed to Roy Trudel of my staff at (410) 786-3417.

Sincerely,

/s/

Sally K. Richardson

Director

Center for Medicaid and State Operations

Enclosure

cc:

All HCFA Regional Administrators

All HCFA Associate Regional Administrators for Medicaid and State Operations

Lee Partridge - American Public Welfare Association

Joy Wilson - National Conference of State Legislatures

Jennifer Baxendell - National Governors' Association

HCFA Press Office

Enclosure

Determining Eligibility for Individuals Under Section 4733 of BBA

The eligibility determination for individuals in this group is essentially a sequential two-step process.

1. The first step is a net income test, based on the family's combined income, including all earnings. (A family can also be just one individual; i.e., a family of one.) The family's net combined income must be less than 250 percent of the federal poverty level for a family of the size involved. Family income is determined by applying all appropriate SSI disregards and exemptions, including the earned income disregard, to the family's total income. If the family's income, after all deductions and exemptions have been

applied, is equal to or exceeds 250 percent of the appropriate poverty level, the individual is not eligible for Medicaid under this provision.

It is up to the State to determine what constitutes a "family" in the context of this provision. As one example, a State could choose to consider a disabled adult living with his or her parents as a family of one for purposes of meeting the 250 percent family income standard.

2. Assuming the individual has met the net family income test, the second step is a determination of whether he or she meets the disability, assets, and unearned income standards to receive an SSI benefit. Income of other family members used in Step 1 is not included (unless the individual has an ineligible spouse whose income is subject to the SSI deeming rules). To be eligible under this provision, the individual must meet all SSI eligibility criteria (including categorical requirements). SSI methodologies are used in making this determination except that all earned income received by the individual is disregarded. The individual's countable unearned income (e.g., title II disability benefits) must be less than the SSI income standard (in 1998, \$494 for an individual), or the standard for optional State supplementary payments (SSP) if the State makes such payments. If unearned income equals or exceeds the SSI/SSP income standard, the individual is not eligible for Medicaid under this provision. The individual's countable resources must be equal to or less than the SSI resource standard (\$2,000 for an individual). Under section 1902(r)(2) of the Act, States may use more liberal income and resource methodologies than are used by the SSI program in determining eligibility for this group. Also, 209(b) States may, but are not required to, apply their more restrictive eligibility policies in determining eligibility for this group.

There is no requirement that the individual must at one time have been an SSI recipient to be eligible under this provision. However, if the individual was not an SSI recipient, you must do a disability determination to ensure that the individual would meet the eligibility requirements for SSI. A disability determination for an individual who was not previously an SSI recipient should not consider whether the individual engaged in substantial gainful activity (SGA), since use of SGA as an eligibility criterion would in almost all instances result in the individual not being eligible under this group, effectively negating the intent of this provision.