



**SOCIAL SECURITY**  
Office of the Commissioner

October 3, 2001

The Honorable Richard Cheney  
President of the Senate  
Washington, DC 20510

Dear Mr. President:

Enclosed for the consideration of the Congress is the Social Security Administration's (SSA) draft bill for making technical fixes and clarifications in certain disability provisions administered by SSA. Upon enactment, the enclosed bill would be cited as the "Ticket to Work and Work Incentives Improvement Act Amendments of 2001."

Public Law 106-170, the "Ticket to Work and Work Incentives Improvement Act of 1999," included a number of provisions designed to increase the opportunities of Social Security and Supplemental Security Income (SSI) beneficiaries with disabilities to work. Among the law's many important provisions is the establishment of a program that allows beneficiaries a choice of public and private service providers and incentives for those providers to assist beneficiaries on a long-term basis. The President is committed to further tearing down the barriers to equality that face many Americans with disabilities and, as part of his New Freedom Initiative, has directed SSA and other involved agencies to swiftly provide Americans with disabilities the choice of their own support services and ways to maintain their health benefits when they return to work.

In implementing Public Law 106-170, we have encountered several technical problems with some provisions. The proposals in the enclosed draft bill will address those problems. A section-by-section description of the proposals is also enclosed.

The Office of Management and Budget has advised that there is no objection to the transmittal of this bill from the standpoint of the President's program.

An identical letter is being sent to the Speaker of the House. We urge the Congress to give the draft bill prompt and favorable consideration.

Sincerely,

Larry G. Massanari  
Acting Commissioner  
of Social Security

Enclosures



**SOCIAL SECURITY**  
Office of the Commissioner

October 3, 2001

The Honorable J. Dennis Hastert  
Speaker of the House  
United States House of Representatives  
Washington, DC 20515

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Larry G. Massanari  
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## “Ticket to Work and Work Incentives Improvement Act Amendments of 2001”

### Application of Demonstration Authority Sunset Date to New Projects

Section 2 would extend the general title II disability program demonstration project waiver authority of section 234 of the Social Security Act to include projects initiated before the 5-year period ending December 17, 2004 expires. Currently, the authority to waive compliance with the benefit requirements of title II and section 1148 and title XVIII (the latter allowed to the Secretary of Health and Human Services) terminates 5 years after the date of enactment (December 17, 1999) of the *Ticket to Work and Work Incentives Improvement Act of 1999* (TWWIA). The provision would permit the Commissioner to undertake demonstration projects that exceed 5 years as long as the projects are initiated on or before December 17, 2004. The current 5-year limitation on waiver authority restricts the options that may be tested to improve work incentives and return-to-work initiatives, since several potential options that the Commissioner may test would extend past the current 5-year limit. Additionally, implementing a well-designed demonstration project generally requires several years, further limiting the length of time waivers may be offered. Waiver authority previously granted under section 505 of the *Social Security Disability Amendments of 1980* applied to projects initiated before the sunset date.

The provision would be effective upon enactment.

### Expansion of Waiver Authority Available in Connection with Demonstration Projects Providing for Reductions in Disability Insurance Benefits Based on Earnings

Section 3 would provide the Commissioner with the authority to waive requirements of section 1148 of the Social Security Act, which pertains to the Ticket to Work and Self-Sufficiency program and the provision of rehabilitation and return-to-work services. The expanded waiver authority would be limited to section 1148 requirements. The additional waiver authority is needed to overcome the anticipated reluctance of certain employment networks accepting tickets from beneficiaries under certain \$1-for- \$2 benefit offset options. Since the earnings of these beneficiaries may not be sufficient to eliminate benefits, employment networks would not become eligible for outcome payments in such situations, and SSA would be unable to test the combination of benefit offset with return-to-work services. The section 1148 waiver authority was provided for general title II disability program demonstration projects but not for this mandated project.

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The provision would be effective upon enactment.

Funding of Demonstration Projects Providing for Reductions in Disability Insurance Benefits Based on Earnings

Section 4 would change financial authorization language in section 302 of TWWIIA to specify that benefits associated with the \$1-for-\$2 demonstration will be paid directly from the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), Hospital Insurance (HI), and Supplementary Medical Insurance (SMI) trust funds, without requirement for further annual appropriation. Current law limits both administrative expenses and benefit payments associated with the demonstration to appropriated funds that are approved for single years. Because the demonstration will be a multi-year effort, the single-year funding limitation for benefit payments will compromise the continuity and validity of the test.

The provision would be effective upon enactment.

Availability of Federal and State Work Incentive Services to Additional Individuals

Section 5 would allow Benefit Planning, Assistance and Outreach (BPAO) services and Protection and Advocacy (P&A) System services to be provided to those beneficiaries in section 1619(b) status, those beneficiaries receiving only a State Supplement payment, and those beneficiaries in an extended period of Medicare eligibility under title XVIII after a period of disability under title II has ended. Currently, BPAO awardees and P&A systems cannot use funds they receive from SSA to serve other than currently entitled or eligible beneficiaries as provided under sections 1149 and 1150 of the Social Security Act (the Act). Both sections 1149(c)(2) and 1150(g)(2) of the Act incorporate the definition of 'disabled beneficiary' found in section 1148(k)(2) of the Act. This definition--by reference to sections 1148(k)(3) and (4)--includes those eligible for benefits within the meaning of sections 1614(a)(2) or 1614(a)(3), but does not include those beneficiaries in 1619(b) status, those beneficiaries receiving a only State Supplement payment and those beneficiaries in an extended period of Medicare eligibility. Both BPAO programs and P&A services should be available to serve all disabled beneficiaries regardless of payment status.

The provision would be effective upon enactment.

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## A B I L L

To amend the Ticket to Work and Work Incentives Improvement Act of 1999 and the Social Security Act to make changes respecting disability demonstration projects and the availability of work incentive services.

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

## SECTION 1. SHORT TITLE.

This Act may be cited as the "Ticket to Work and Work Incentives Improvement Act Amendments of 2001".

## SECTION 2. APPLICATION OF DEMONSTRATION AUTHORITY SUNSET DATE TO NEW PROJECTS.

Section 234 of the Social Security Act (42 U.S.C. 434) is amended--

(1) in the first sentence of subsection (c), by striking "conducted under subsection (a)" and inserting "initiated under subsection (a) on or before December 17, 2004"; and

(2) in subsection (d)(2), by revising the first sentence to read as follows: "The authority to initiate projects under the preceding provisions of this section shall terminate on December 18, 2004.".

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SEC. 3. EXPANSION OF WAIVER AUTHORITY AVAILABLE IN CONNECTION WITH DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(c) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended by striking "(42 U.S.C. 401 et seq.)," and inserting "(42 U.S.C. 401 et seq.) and the requirements of section 1148 of such Act (42 U.S.C. 1320b-19) as they relate to the program established under title II of such Act,".

SEC. 4. FUNDING OF DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended to read as follows:

"(f) Expenditures.--Administrative expenses for demonstration projects under this section shall be paid from funds available for the administration of title II or title XVIII of the Social Security Act, as appropriate. Benefits payable to or on behalf of individuals by reason of participation in projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary

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of Health and Human Services, from funds available for benefits under such title II or title XVIII."

SEC. 5. AVAILABILITY OF FEDERAL AND STATE WORK INCENTIVE SERVICES TO ADDITIONAL INDIVIDUALS.

(a) Federal Work Incentives Outreach Program.--Section 1149(c)(2) of the Social Security Act (42 U.S.C. 1320b-20(c)(2)) is amended to read as follows:

"(2) Disabled beneficiary.--The term 'disabled beneficiary' means an individual--

"(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

"(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93-66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93-66);

"(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

"(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act."

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(b) State Grants for Work Incentives Assistance.--Section 1150(g)(2) of the Social Security Act (42 U.S.C. 1320b-21(g)(2)) is amended to read as follows:

"(2) Disabled beneficiary.--The term 'disabled beneficiary' means an individual--

"(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

"(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93-66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93-66);

"(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

"(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.".

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