



# SOCIAL SECURITY

The Commissioner

May 20, 2008

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Madam Speaker:

Enclosed for consideration of the Congress is a Social Security Administration bill to make amendments to the Old-Age, Survivors, and Disability Insurance (OASDI) program and the Supplemental Security Income (SSI) program. The bill includes provisions that would make program and administrative improvements and clarifications, and eliminate obsolete references in the Social Security Act. A section-by-section description of the proposals is also enclosed with this letter.

As you know, SSA is struggling to balance new responsibilities with our traditional workloads, all within tight resource constraints. With that in mind, I would like to call your attention two provisions that would provide administrative simplifications, allowing us to make the most efficient use of our limited resources.

Section 1 would eliminate the requirement that past-due SSI benefits to a child exceeding six times the maximum monthly benefit be deposited by the representative payee in a special bank account. The dedicated account provision is labor-intensive and confusing to the public. Additionally, there is no evidence to show that the majority of children's representative payees (most of whom are their parents) do not have the children's best interest at heart.

Section 4 of the bill would eliminate the requirement for parents with custody of their children and spouses living with the beneficiary to provide annual accountings. The annual representative payee accounting process requires a high level of administrative effort and is costly. Parents with custody and living-with spouses are most often the best payees, and there is little evidence that indicates this population is prone to financial abuse. Requiring annual reporting has been criticized by some as the Federal Government's intruding into family matters. Under the proposal, SSA would no longer have to send, track, and analyze these annual accounting reports, but would retain the authority to investigate any allegations or indications that benefits were being misused.

Examples of program improvements in the bill are in sections 2 and 3. Section 2 would further reduce the possibility of prisoners, fugitive felons, and probation/parole violators receiving OASDI or SSI benefits. Currently, such individuals are prohibited from receiving monthly benefits but not retroactive, past-due benefits. Thus, inmates can occasionally receive large OASDI or SSI checks. The proposal would close that loophole. Section 3 would also

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assist SSA in enforcing the prohibition against fugitive felons and probation/parole violators receiving benefits by providing an exemption to the Computer Matching and Privacy Protection Act that would allow us to enter into agreements to identify such individuals without having to constantly renegotiate those agreements.

Several provisions of the bill would improve SSA's service to individuals with disabilities. Section 5 would reinstate SSA's ability to refer individuals who are denied benefits to State Vocational Rehabilitation agencies, and section 7 would temporarily extend the demonstration authority in the Disability Insurance program. Under the 5-year extension, SSA could begin new projects to test modifications or waivers of program rules for determining innovative ways for returning individuals to work or otherwise improve the Disability Insurance program.

The Office of Management and Budget advises that there is no objection to the presentation of this proposed legislation from the standpoint of the Administration's program. We urge the Congress to give the bill prompt and favorable consideration.

I am sending an identical letter to the Honorable Richard B. Cheney, President of the Senate.

Sincerely,



Michael J. Astrue

Enclosures



# SOCIAL SECURITY

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May 20, 2008

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Washington, D.C. 20510

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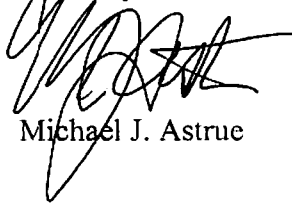
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Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Astrue", written over a printed name.

Michael J. Astrue

Enclosures

## **Social Security Miscellaneous Amendments of 2008**

### **Eliminate Supplemental Security Income (SSI) Dedicated Accounts**

Section 1 would eliminate the requirement that past-due SSI benefits to a child exceeding six times the maximum monthly benefit be deposited by the representative payee in a special account. The dedicated account provision is labor-intensive and confusing to the public. Additionally, there is no evidence to show that the majority of representative payees of children (most of whom are their parents) do not have the beneficiary's best interest at heart.

The provision would be effective upon enactment.

### **Prohibit Retroactive Title II and Title XVI Payments to Prisoners, Fugitive Felons, and Probation/Parole Violators**

Section 2 would delay the payment of any past-due benefit due an individual if the individual is a prisoner, fugitive felon, or probation/parole violator. These benefits would not be paid until the individual is no longer a prisoner, fugitive felon, or probation/parole violator. The current law prohibition of eligibility to prisoners is based on the rationale that inmates of public institutions do not need benefits for basic needs because those needs are provided for by the institution. The prohibition of eligibility to fugitive felons and probation/parole violators is based on the rationale that public benefits should not be available to fund an individual's flight from law enforcement agencies. Both of these rationales for denying current month's eligibility for benefits would apply equally to the payment of past due benefits as long as the individual were a prisoner, fugitive felon, or probation/parole violator.

Delaying the payment of past-due benefits until an individual is released from prison could have the effect of helping the individual retain available funds in order to provide him- or herself with food, clothing, and shelter outside the institution. In cases in which individuals have to file new SSI applications because they had been ineligible for SSI for more than 12 months, the past-due benefits would be paid while the individual was awaiting a determination on the new application.

The provision would be effective with respect to payments that would otherwise be made on or after the 1st day of the 12th month that begins after enactment.

### Allow Agreements to Identify Fugitive Felons and Probation/Parole Violators Similar to Prisoner Computer Matching Agreements

Section 3 would exclude the Social Security Administration's (SSA) fugitive felon matching agreements from those subject to the Computer Matching and Privacy Protection Act (CMPPA) amendments to the Privacy Act. This change would conform to legislation already enacted to exempt prisoner matching agreements from CMPPA.

The fugitive felon non-payment provisions of the Social Security Act are designed to prevent benefit payments to parole or probation violators, and to those individuals fleeing to avoid prosecution. In order to identify such individuals, SSA enters into computer matching agreements with law enforcement entities across the United States to gain access to information regarding outstanding felony warrants. These agreements, however, are currently required by the CMPPA to be periodically renegotiated. As a part of the *Ticket to Work and Work Incentives Improvement Act of 1999*, Congress provided a CMPPA exemption for the prisoner program, and this proposal would provide a corresponding exemption for the fugitive felon data matching program.

The provision would be effective upon enactment.

### Eliminate the Requirement for Parents with Custody of Their Children and Living-With Spouses to Provide Annual Accountings

Section 4 would eliminate the requirement for parents with custody of their children and spouses living with the beneficiary to provide annual accountings. The annual representative payee accounting process requires a high level of administrative effort. SSA is currently required to obtain an accounting on approximately 7 million beneficiaries each year, and almost one-half of these beneficiaries are minor children living with their parents. Parents with custody and living-with spouses are considered the preferred payees, and there is little evidence that indicates this population is prone to financial abuse. SSA has been criticized for intruding into family matters. We estimate that SSA spends over \$20 million per year to conduct annual accounting of these cases. Under the proposal, SSA would no longer have to send, track, and analyze these annual accounting reports. However, the Commissioner would still have the authority to require accounting from any payee. In addition, SSA would develop a plan to detect changes in custody/living arrangements.

This section would be effective with respect to accounting for periods after September 30, 2008.

### Referral to State Vocational Rehabilitation (VR) Agencies for Denied Disability Beneficiaries

Section 5 would authorize SSA to refer individuals who were denied disability benefits to State VR agencies for services. Prior to the *Ticket to Work and Work Incentives Improvement Act of 1999* (“Ticket Act”), Section 222(a) provided this authority. However, the Ticket Act repealed that section. Although eliminating the VR-referral authority ensured that private-sector providers would not be unfairly disadvantaged under the Ticket to Work program by a referral of new beneficiaries to State VR agencies, it also had the unintended consequence of eliminating the referral of individuals whose claims are denied and who, therefore, would not be served under the Ticket to Work program. For such individuals, appropriate VR services may (1) enable them to enter and remain in the workforce where they otherwise might not; (2) have a salutary effect on health; and, (3) reduce the incidence of subsequent applications for disability benefits.

The provision would be effective for applications for benefits filed in months following the sixth month after enactment.

### Authority to Reimburse State Vocational Rehabilitation Agencies for the Cost of Services They Provide to Certain Beneficiaries

Section 6 would clarify that SSA has the authority to reimburse State VR agencies for the cost of services they provide to SSI blind or disability beneficiaries between ages 16 and 64.

This section would also rescind one of the categories under which a State VR agency may be reimbursed for the cost of services provided. This category concerns cases where a beneficiary who has received services, without good cause, refuses to accept VR services or fails to cooperate in such a manner so as to preclude their successful rehabilitation. Because the Ticket Act rescinded the Agency’s authority to require a beneficiary to seek VR services or otherwise cooperate with rehabilitation efforts, this category is obsolete.

The provision would be effective upon enactment.

### Extend Disability Insurance (DI) Program Demonstration Authority

Section 7 would provide the Commissioner of Social Security the authority to carry out experiments and demonstration projects with respect to the Social Security Disability Insurance program that are initiated before December 18, 2013. This includes authority for the Commissioner to waive compliance with Social Security benefit

requirements, and for the Secretary of Health and Human Services (upon request of the Commissioner) to waive compliance with Medicare benefit requirements, for purposes of such projects. Currently, this authority in section 234 of the Social Security Act applies to projects initiated before December 18, 2005. The provision would extend the sunset date of the authority to initiate projects.

The provision would be effective upon enactment.

#### Allow State Disability Determination Services Reconsiderations on Disability Cessations Made by the Commissioner

Section 8 would allow State disability hearing officers to conduct disability reconsideration hearings resulting from initial disability cessation determinations rendered by a Federal component. Under current law, when a Federal component makes a cessation determination and an appeal is filed, a Federal hearing officer must conduct the disability reconsideration hearing. Because there are very few Federal hearing disability officers available for conducting disability reconsideration hearings, the ability of Federal units to conduct continuing disability reviews and make the necessary cessation determinations is constrained. This provision would allow State disability hearing officers to conduct the required hearings using the same standards as Federal officers, thus reducing travel costs, enhancing efficiency, and providing improved customer service.

The provision would be effective upon enactment and shall apply to cases pending on or after such date.

#### Stepchild's Benefit Termination Month

Section 9 would terminate stepchild's benefits the month before the month of divorce between the stepchild's parent and the number holder to be consistent with the termination month for the parent (spouse of the number holder). Making the termination month the same provides equal treatment of the stepchild and his or her parent and is consistent with the termination month for other types of beneficiaries whose marriages end. Currently, when a stepchild's parent and worker beneficiary divorce, the stepchild's benefits end with the month in which the divorce becomes final. However, the mother or father's benefits end with the month before the month of divorce. (The current difference in the termination months is the result of an apparent drafting oversight in a law enacted in 1996 to tighten the eligibility requirements for stepchildren.) The change would simplify the administration of the provision and consequently reduce overpayments and underpayments.

The provision would be effective with respect to divorces that become final after the sixth month that begins after the month of enactment.



### Date of Suspension of Benefits to Individuals Removed from the United States

Section 10 would provide that payments to individuals removed from the United States would be suspended *beginning with the month after the month in which the order of removal becomes final*. Under present law, payments to individuals removed from the United States are suspended *beginning with the month after the month that SSA receives notification* from the Attorney General or Department of Homeland Security (DHS) that the individual has been removed (or, in some limited cases, an order of removal has become final.) Payments continue to the individual from the date the order of removal becomes final until SSA receives notification from the Attorney General or DHS. As a result, there is a gap between the date that the order becomes final and the date that payments stop. The proposal would suspend benefits effective with the month after the month that the order or removal becomes final, rather than when SSA receives notification. There is no program reason to continue benefits to non-citizens once an order of removal by an immigration judge has become final.

This provision would be effective with respect to orders of removal that become final after the month of enactment.

### Provide SSA with Authority to Certify the Amount of Benefits Payable to a Divorced Spouse of a Railroad Worker to the Railroad Retirement Board

Section 11 would amend section 205(i) of the Social Security Act to add the category of divorced wives and divorced husbands of railroad workers to the list of people to whom SSA would certify the amount of Social Security benefits to the Railroad Board (RRB) for payment, rather than to the Department of Treasury. The comparable provisions of the Railroad Retirement Act already include divorced spouses on the list of people for whom SSA would certify payment to RRB. This change would improve administration because the current cumbersome manual process in which SSA notifies RRB of the divorced spouse's benefit would be replaced by the automated certification to RRB, resulting in less chance for error.

The provision would be effective upon date of enactment.

### Eliminate Quinquennial Military Service Determinations for OASDI

Section 12 would eliminate quinquennial determinations for pre-1957 military service wage credits after the 2005 determination for the Social Security Trust Funds (OASI and DI). In accordance with Section 217 (g) of the Social Security Act, such determinations are made every five years in order to adjust prior determinations related

to the costs attributable to granting gratuitous pre-1957 military service wage credits. There would be no change in these determinations for the Federal Hospital Insurance (HI) Trust Fund.

In 2005, the beneficiaries receiving higher benefits due to pre-1957 wage credits became a closed group, whose additional benefit attributable to pre-1957 military service wage credits should be relatively easy to estimate accurately. When the 2005 determination was completed, the estimated value of all future determinations for the OASDI Trust Funds was zero, but under present law, we must continue to absorb the cost of collecting and processing data on the affected beneficiaries and doing quinquennial adjustments as long as such beneficiaries survive. At this point, the trust funds will have been reimbursed for all costs attributable to granting the wage credits, *except* for the costs of actually making the quinquennial adjustments. Under present law, the Social Security Administration (SSA) must continue to absorb the cost of collecting and processing data on the affected beneficiaries and doing quinquennial adjustments as long as such beneficiaries survive. The provision would save the expense of future determinations and data processing.

The Department of Health and Human Services (HHS) would continue to make this determination every five years for the HI Trust Fund. Future HI outlays on behalf of these beneficiaries are inherently more uncertain than the corresponding OASDI obligation. Therefore, it is not clear that future quinquennial HI adjustments would necessarily be expected to be relatively small, as is the case for OASDI. HHS would make future determinations based on information the Secretary determined to be appropriate (which could include information already provided by SSA concerning this closed-group population) and would cease making future adjustments at such time as the Secretary deems appropriate.

#### Clarify Penalties Related to Misleading Internet Advertising

Section 13 would amend the Social Security Act to explicitly provide that the prohibitions and consequent penalties contained in the section apply to companies that operate solely on the Internet. This provision would prohibit misleading solicitations or advertising on the Internet and would provide penalties in instances where companies ignore the prohibitions.

Currently, Section 1140 of the Social Security Act prohibits the use of certain words and symbols in a manner that misleadingly conveys the impression that the communication is official and provides penalties for those who violate these prohibitions. While the section includes a list of media to which it applies (including “other communications”), it is not clear that the section could be used to stop or punish misleading solicitations in cases where companies operate solely on the Internet or use

only the Internet for soliciting or advertising. For example, under current law, a company named Social Security Information would be prohibited from soliciting business through the mail or in newspapers because the name may mislead individuals into believing it is associated with SSA. However, it is not clear whether the same company using solely the Internet and operating under a website such as “www.social.security information.com” would be subject to the same prohibition and penalties.

This proposal would prohibit the misleading use of certain words and symbols whether in print, over the air waves, or on the Internet.

The provision would be effective upon enactment.

### Eliminate Obsolete Provisions

Section 14 would eliminate subsections 226(i) and the second 226A(c) from the Social Security Act (the “Act”). These subsections protected Medicare benefits for individuals who lost their disability benefits due to their failure to comply with subsection 225(c), which mandated substance treatment for individuals who were receiving disability benefits based on a drug addiction and alcoholism impairment (DA&A). All three of these subsections were added to the Act under the *Social Security Independence and Program Improvements Act of 1994* (P.L. 103-296). (Since there was already a subsection 226A(c) in the Act at that time, the second subsection 226A(c) should have been named 226A(d)). The *Contract with America Advancement Act of 1996* (P.L. 104-121) revised the definition of disability to provide that DA&A cannot be a material contributing factor in a finding of disability. Consistent with the redefinition, the legislation deleted subsection 225(c). However, it did not delete subsections 226(i) and the second 226A(c).

The provision would be effective upon enactment.

A B I L L

To amend the Social Security Act and related laws to make various improvements in the Old-Age, Survivors and Disability Insurance program and the Supplemental Security Income (SSI) program, and for other purposes.

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

SHORT TITLE; TABLE OF CONTENTS

(a) Short Title.--This Act may be cited as the "Social Security Miscellaneous Amendments of 2008".

(b) Table of Contents.--The table of contents is as follows:

- Sec. 1. Eliminate SSI Dedicated Accounts.
- Sec. 2. Prohibit Retroactive Title II And Title XVI Payments To Prisoners, Fugitive Felons, And Probation/Parole Violators.
- Sec. 3. Allow Agreements To Identify Fugitive Felons And Probation/Parole Violators Similar To Prisoner Computer Matching Agreements.
- Sec. 4. Eliminate the Requirement for Parents with Custody of Their Children and Living-With Spouses to Provide Annual Accountings.
- Sec. 5. Referral to State Vocational Rehabilitation Agencies for Denied Disability Beneficiaries.

- Sec. 6. Authority to Reimburse State Vocational Rehabilitation Agencies for the Cost of Services They Provide to Certain Beneficiaries.
  - Sec. 7. Extend Disability Insurance Program Demonstration Authority.
  - Sec. 8. Allow State Disability Determination Services Reconsiderations on Disability Cessations Made by the Commissioner.
  - Sec. 9. Stepchild's Benefit Termination Month.
  - Sec. 10. Date of Suspension of Benefits to Individuals Removed from the United States.
  - Sec. 11. Provide SSA with the Authority to Certify the Amount of Benefits Payable to a Divorced Spouse of a Railroad Worker to the Railroad Retirement Board.
  - Sec. 12. Eliminate Quinquennial Military Service Determinations.
  - Sec. 13. Clarify Penalties Related to Misleading Internet Advertising.
  - Sec. 14. Eliminate Obsolete Provisions.
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## SEC. 1. ELIMINATE SSI DEDICATED ACCOUNTS.

(a) In General.--Section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended--

(1) by striking subparagraph (F); and

(2) by redesignating subparagraphs (G) and (H) as subparagraphs (F) and (G), respectively.

(b) Transitional Treatment of Funds Previously Subject to the Dedicated Account Requirement.--

(1) In determining the eligibility and benefit amount of any individual (and the individual's eligible spouse, if any) under title XVI of the Social Security Act for any month in the period specified in paragraph (2), there shall be excluded from such individual's (and such spouse's)--

(A) resources, any amount held in an account that, prior to the date of the enactment of this Act, had been established and maintained in accordance with section 1631(a)(2)(F) (as in effect prior to such date), but only to the extent that such amount does not exceed the amount held in such account at the close of the day preceding such date; and

(B) income, the interest or other earnings of any amount excluded from resources under subparagraph (A).

(2) The period specified in this paragraph begins on the date of the enactment of this Act and ends on the last day of the eighteenth month beginning on or after such date of enactment.

(c) Conforming Amendments.--

originally made by the Commissioner of Social Security".

(b) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to cases pending on or after such date.

#### SEC. 9. STEPCCHILD'S BENEFIT TERMINATION MONTH.

(a) In General.--Section 202(d)(1)(H) of the Social Security Act (42 U.S.C. 402(d)(1)(H)) is amended by striking "after the month".

(b) Effective Date.--The amendment made by this section shall be effective with respect to divorces that become final after the sixth month that begins after the month of the enactment of this Act.

#### SEC. 10. DATE OF SUSPENSION OF BENEFITS TO INDIVIDUALS REMOVED FROM THE UNITED STATES.

(a) In General.--Section 202(n) of the Social Security Act (42 U.S.C. 402(n)) is amended--

(1) in paragraph (1)--

(A) by deleting "removed" and inserting "issued an order of removal",

(B) in subparagraph (A) by deleting "the

(1) Section 1612(b) (42 U.S.C. 1382a(b)) (as previously amended by section 2 of this Act) is further amended--

(A) by striking paragraph (21); and

(B) by redesignating paragraphs (22) and (23) as paragraphs (21) and (22), respectively.

(2) Section 1613(a) (42 U.S.C. 1382b(a)) is amended--

(A) by adding "and" at the end of paragraph (11);

(B) by striking paragraph (12); and

(C) by redesignating paragraph (13) as paragraph (12).

SEC. 2. PROHIBIT RETROACTIVE TITLE II AND TITLE XVI PAYMENTS TO PRISONERS, FUGITIVE FELONS, AND PROBATION/PAROLE VIOLATORS.

(a) Title II Amendment--Section 204(a)(1)(B) of the Social Security Act is amended--

(1) by striking "(B) With" and inserting "(B) (i) Subject to clause (ii), with"; and

(2) by inserting at the end the following:

"(ii) No payment shall be made under this subparagraph to any person whose monthly benefit--

"(I) is subject to nonpayment by reason of section 202(x)(1), or

"(II) in the case of an individual whose benefits terminated for a reason other than death, would be subject to nonpayment by reason of section 202(x)(1) but for the termination of benefits,



until such nonpayment provision no longer applies, or would no longer apply in the case of benefits that have terminated.

"(iii) The provisions of clause (ii) shall not limit the Commissioner's authority to withhold amounts, make adjustments, or recover amounts due under this title, title VIII or title XVI that would be deducted from a payment otherwise made to such person."

(b) Title XVI Amendment--Section 1631(b) of the Social Security Act is amended by adding at the end a new paragraph (7) as follows:

"(7) (A) In the case of payment of less than the correct amount of benefits, no payment shall be made to any person who is not considered to be an eligible individual or eligible spouse under--

"(i) section 1611(e)(1) if the person is an inmate of a public institution that is a jail, prison, or other penal institution or correctional facility the purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii)-(iii), or

"(ii) section 1611(e)(4),  
until such person is no longer considered an ineligible individual or ineligible spouse under section 1611(e)(1) or 1611(e)(4).

"(B) The provisions of subparagraph (A) shall not limit the Commissioner's authority to withhold amounts, make adjustments, or recover amounts due under this title, title VIII or title XVI that would be deducted from a payment otherwise made to such person."

(c) Effective Date--The amendments made by this section shall be effective for payments that would otherwise be made on or after the first day of the twelfth month that begins after enactment of this Act.

SEC. 3. ALLOW AGREEMENTS TO IDENTIFY FUGITIVE FELONS AND PROBATION/PAROLE VIOLATORS SIMILAR TO PRISONER COMPUTER MATCHING AGREEMENTS.

(a) Title II Amendment--Section 202(x)(3) of the Social Security Act is amended by redesignating subparagraph (C) as subparagraph (D) and inserting after subparagraph B the following new subparagraph:

"(C) The Commissioner may enter into an agreement under this subparagraph with any interested Federal, State or local law enforcement agency responsible for apprehending or supervising individuals described in section 202(x)(1)(A)(iv)-(v). Under such agreement, the law enforcement agency shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, and other identifying information concerning the individuals as the Commissioner may require for the purpose of carrying out paragraph (1) and other provisions of this title."

(b) Title XVI Amendment--Section 1611(e)(1) of the Social Security Act is amended by redesignating subparagraph (J) as subparagraph (K) and inserting after subparagraph (I) the following new subparagraph:

"(J) The Commissioner may enter into an agreement with

any interested Federal, State or local law enforcement agency responsible for apprehending or supervising individuals described in section 1611(e)(4). Under such agreement, the law enforcement agency shall provide to the Commissioner, on a monthly basis and in a manner specified by the Commissioner, the names, social security account numbers, dates of birth, and other identifying information concerning the individuals as the Commissioner may require for the purpose of carrying out paragraph (4) and other provisions of this title."

SEC. 4. ELIMINATE THE REQUIREMENT FOR PARENTS WITH CUSTODY OF THEIR CHILDREN AND LIVING-WITH SPOUSES TO PROVIDE ANNUAL ACCOUNTINGS

(a) Section 205(j)(3) of the Social Security Act (42 U.S.C. 405(j)(3)) is amended as follows:

(1) by redesignating subparagraph (B) as subparagraph (B)(i); and

(2) by redesignating subparagraph (C) as clause (ii) of subparagraph (B); and

(3) by inserting after subparagraph (B), the following:

"(C) Subparagraph (A) shall not apply in any case in which the representative payee is a parent or spouse of the individual entitled to such payment and such parent or spouse lives in the same household as such individual. The Commissioner of Social Security shall prescribe in regulations applicable monitoring procedures to confirm ongoing custodial relationships and living arrangements for such parents and spouses."

(b) Section 807(h)(1) of the Social Security Act (42 U.S.C. 1007(h)(1)) is amended as follows:

- (1) by inserting "(A)" after "IN GENERAL"; and
- (2) by inserting after subparagraph (A) the following:

"(B) exception in cases in which the representative payee is the spouse of the beneficiary--Subparagraph (A) shall not apply in a case in which the person to whom payment is made is the spouse of the qualified individual entitled to such payment, and such spouse lives in the same household as such qualified individual. The Commissioner of Social Security shall prescribe in regulations applicable monitoring procedures to confirm ongoing living arrangements for such spouses."

(c) Section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by adding at the end thereof the following new clause:

"(vi) clause (i) shall not apply in any case in which the representative payee is a parent or spouse of the individual entitled to such payment and such parent or spouse lives in the same household as such individual. The Commissioner of Social Security shall prescribe in regulations applicable monitoring procedures to confirm ongoing custodial relationships and living arrangements for such parents and spouses."

(d) The amendments made by this section shall be effective with respect to services performed after September 30, 2008.

SEC. 5. REFERRAL TO STATE VOCATIONAL REHABILITATION  
AGENCIES FOR DENIED DISABILITY BENEFICIARIES.

(a) Title II Amendment-- Section 222 of the Social Security Act (42 U.S.C. 422) is amended by inserting the following new subsection:

"(a) In any case where an individual's application for a determination of disability or for benefits based on disability under this title is denied, the Commissioner of Social Security may refer such individual (or arrange for the State agency acting under section 221 to refer such individual) to the appropriate State agency administering the State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. § 720 et seq.) or, in the case of any such individual who has not attained age 16, to the appropriate State agency administering the State program under title V."

(b) Title XVI Amendment-- Section 1615 of such Act (42 U.S.C. 1382d) is amended by inserting after subsection (a) the following new subsection:

"(b) In any case where an individual's application for benefits based on disability or blindness under this title is denied, the Commissioner of Social Security may refer such individual (or arrange for the State agency acting under section 221 to refer such individual) to the appropriate State agency administering the State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. § 720 et

seq.) or, in the case of any such individual who has not attained age 16, to the appropriate State agency administering the State program under title V."

(c) Effective Date.--The amendments made by this section shall be effective for applications for benefits filed in months following the sixth month after enactment.

SEC. 6. AUTHORITY TO REIMBURSE STATE VOCATIONAL REHABILITATION AGENCIES FOR THE COST OF SERVICES THEY PROVIDE TO CERTAIN BENEFICIARIES.

(a) Title II Amendment--Section 222(d)(1) of the Social Security Act (42 U.S.C. 422(d)(1)) is amended:

(1) in the first sentence--

(A) by inserting "and" before "(ii)"; and

(B) by striking ", and (iii)" and all that follows through "successful rehabilitation"; and

(2) in the last sentence, by striking ", the determination that an individual, without good cause" and all that follows through "successful rehabilitation,".

(b) Title XVI Amendment--Section 1615(d) of such Act (42 U.S.C. 1382d(d)) is amended:

(1) in the first sentence--

(A) by striking "who are referred for such services pursuant to subsection (a)" and inserting "receiving benefits based on disability or blindness under this title";

(B) by inserting "and" before "(2)"; and

(C) by striking ", and (3)" and all that follows through "successful rehabilitation"; and

(2) in the last sentence, by striking ", the determination that an individual, without good cause" and all that follows through "successful rehabilitation,".

SEC. 7. EXTEND DISABILITY INSURANCE PROGRAM DEMONSTRATION AUTHORITY.

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

(a) in subsection (c), by striking "on or before December 17, 2005" and inserting "on or before December 17, 2013"; and

(b) in subsection (d)(2), by striking the "on December 18, 2005." and inserting "on December 18, 2013.".

SEC. 8. ALLOW STATE DISABILITY DETERMINATION SERVICES RECONSIDERATIONS ON DISABILITY CESSATIONS MADE BY THE COMMISSIONER.

(a) In General--Section 205(b)(2) of the Social Security Act is amended--

(1) in the second sentence, by striking everything following "or the Commissioner of Social Security" and inserting a period;

(2) in the third sentence, by striking "which was originally made by such State agency"; and

(3) in the fourth sentence, by striking "which was

Commissioner of Social Security is notified by the Attorney General or the Secretary of Homeland Security that such individual has been so removed" and inserting "such order of removal for such individual has become final", and

(C) in subparagraph (C) by deleting "such notice is received" and inserting "such order of removal has become final";

(2) in paragraph (2)-

(A) by deleting "removal of" and inserting "an order of removal for",

(B) by inserting "has become final" after "of such Act", and

(C) by deleting "such removal" and inserting "the date such order of removal became final"; and

(3) by deleting paragraph (3).

(b) Effective Date.-The amendments made by this section shall be effective with respect to orders of removal that become final after the month of enactment.

SEC. 11. PROVIDE SSA WITH THE AUTHORITY TO CERTIFY THE AMOUNT OF BENEFITS PAYABLE TO A DIVORCED SPOUSE OF A RAILROAD WORKER TO THE RAILROAD RETIREMENT BOARD

Section 205(i)) of the Social Security Act (42 U.S.C.



405(i) is amended in paragraph (B) by inserting "or divorced wife or divorced husband" after the word "husband".

SEC. 12. ELIMINATE QUINQUENNIAL MILITARY SERVICE DETERMINATIONS

FOR OASDI.

Section 217(g)(2) of the Social Security Act is amended—

(1) in the first sentence by inserting "through 2005" after "each fifth year thereafter"; and

(2) by adding after the first sentence the following new sentence: "The Secretary shall revise the amount determined under paragraph (1) with respect to the Federal Hospital Insurance Trust Fund under title XVIII in 2010 and each fifth year thereafter through such date, and using such data, as the Secretary determines appropriate, on the basis of the amount of benefits and administrative expenses actually paid from such Trust Fund and the relevant actuarial assumptions set forth in the report of the Board of Trustees of such Trust Fund for such year under section 1817(b)".

SEC. 13. CLARIFY PENALTIES RELATED TO MISLEADING INTERNET ADVERTISING.

Section 1140(a)(1) of the Social Security Act is amended in the matter preceding subparagraph A by inserting "(including internet communications)," after "other communication".

SEC. 14. ELIMINATE OBSOLETE PROVISIONS.

(a) Section 226 of the Social Security Act (42 U.S.C. 426) is amended--

(1) by striking subsection (i); and

(2) by redesignating subsection (j) as subsection (i).

(b) Section 226A of such Act (42 U.S.C. 426-1) is amended by striking the second subsection (c).