



SOCIAL SECURITY

Office of the Commissioner
June 30, 1997

The Honorable Albert D. Gore, Jr.
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

Enclosed for the consideration of the Congress is a draft bill "To direct the Commissioner of Social Security to institute a ticket system and advocacy program designed to facilitate opportunities to work for Americans with disabilities who would otherwise remain dependent upon disability benefits payable under the Social Security or Supplemental Security Income program."

The draft bill would authorize the "Ticket to Independence" initiative, a public-private partnership designed to provide opportunities for individuals who are disabled or blind to work. Under the initiative, individuals who receive Social Security benefits on the basis of disability, or Supplemental Security Income (SSI) benefits on the basis of blindness or disability, would receive a ticket that they could assign to the participating public or private vocational rehabilitation or employment services provider of their choice. Whenever a ticketed individual succeeds in his or her efforts to work, the Commissioner of Social Security would pay the ticket-holding provider that assisted the individual in those efforts an amount commensurate with the savings to the federal fisc that result from the individual's departure from the Social Security or SSI rolls. The initiative also would authorize funding of protection and advocacy services for ticketed beneficiaries. The initiative would be phased in, and would initially be conducted in 5 to 10 States.

The Social Security Administration (SSA) now pays more than \$36 billion annually in Social Security Disability Insurance benefits to almost 4.5 million disabled workers, and an additional \$25 billion in SSI benefits to more than 5 million low-income individuals with disabilities. Currently, less than one percent of these disability recipients successfully attain work each year. Nevertheless, many recipients tell SSA that they want to work and would do so, if the incentives were right and the services they needed were available.

The "Ticket-to-Independence" initiative is designed to give recipients with disabilities what they want and need. The public-private partnership between SSA and private and public providers of vocational rehabilitation or employment services would maximize consumer choice of providers and services. It


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would also give individuals with disabilities the control and flexibility they need to secure services tailored to their individual needs. The initiative is financially responsible, since providers would be paid only for results, i.e., returning individuals to a life of work independent of Federal cash assistance.

We urge the Congress to give the enclosed draft bill its prompt and favorable consideration.

We are advised by the Office of Management and Budget that there is no objection to the submission of this draft bill to the Congress, and that its enactment would be in accord with the program of the President.

Sincerely,

A handwritten signature in cursive script, appearing to read "John J. Callahan". The signature is written in dark ink and is positioned above the typed name and title.

John J. Callahan
Acting Commissioner
of Social Security

Enclosures



SOCIAL SECURITY

Office of the Commissioner
June 30, 1997

The Honorable Newt Gingrich
Speaker of the House
of Representatives
Washington, DC 20515

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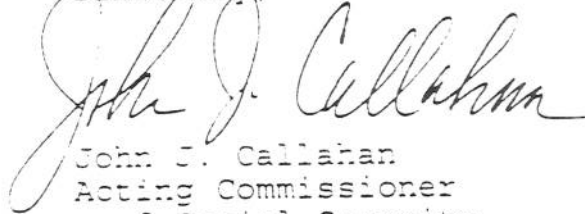
Page 2--The Honorable Newt Gingrich

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John J. Callahan
Acting Commissioner
of Social Security

Enclosures

DESCRIPTION OF TICKET TO INDEPENDENCE PROJECT

The draft bill adds a new section 1146 to title XI of the Social Security Act which would direct the Commissioner of Social Security to undertake a pilot project to test an open market ticket system of returning disabled title II (Social Security) and title XVI (Supplemental Security Income) beneficiaries to work.

Paragraph (1) of subsection (a) of the new section 1146 would direct the Commissioner to develop and carry out a pilot project designed to test the desirability, feasibility, and cost-effectiveness of an open market ticket system of returning disabled beneficiaries to work and ending their dependency on public disability benefits.

Paragraph (2) would provide that each disabled beneficiary, who resides in a State selected to participate in the project and is an appropriate candidate for the project, be issued a ticket. The disabled beneficiary could then assign the ticket to any enrolled public or private provider willing to accept the assignment to obtain vocational rehabilitation (VR) or employment services. The Commissioner would prescribe when the tickets would expire, the duration for which the tickets may be assigned to an enrolled provider, as well as the allowable renewal periods, if any, of the tickets or assignments.

The Commissioner would also prescribe the total amount of the payment that will be made to the enrolled provider holding the ticket of a beneficiary who returns to work and the time(s) at which such payments shall be made.

Paragraph (3) provides that any provider willing to serve disabled beneficiaries participating in the project may become an enrolled provider if it agrees to abide by the terms and conditions specified by the Commissioner.

Paragraph (4) provides that if a ticketed beneficiary refuses, without good cause, to accept services from an enrolled provider, his/her benefits may be stopped.

Paragraph (5) provides that Title I of the Rehabilitation Act shall continue to govern the terms and conditions by which beneficiaries receive services from a State VR agency participating in the project; otherwise, sections 222 and 1615, other than subsections (c) and (e) of section 222, would have no effect during the conduct of the project in the State.

If a State VR agency, in a State in which the project is conducted, declines to participate as an enrolled provider, then all of sections 222 and 1615 would be effective in that State, except that the requirement for the initial referral of all disabled

beneficiaries in the State to the State VR agency for services would have no effect.

Paragraph (6) provides that an enrolled provider may refer a ticketed beneficiary to a State VR agency for VR or employment services only if the enrolled provider and the State VR agency have a written agreement that specifies (1) the extent (if any) the enrolled provider holding the ticket will reimburse the State VR agency for the costs incurred in providing such services, and (2) other amounts from the payment to the enrolled provider by the Commissioner when the beneficiary returns to work that will be shared with the State VR agency, and (3) any other conditions required by regulations. Also, directs the Commissioner of Social Security and the Secretary of Education to jointly promulgate regulations respecting the terms of the agreements. No payment may be made to an enrolled provider which violates the provisions of this paragraph, including the regulations promulgated under subparagraph (C).

Paragraph (7) requires that the Commissioner implement the project in at least five, but not more than ten, States not later than twelve months after the date of enactment. Periodically thereafter, the Commissioner shall increase the number of States participating in the project so as to achieve operation in the maximum number of States feasible by the tenth year following the project's implementation date.

Paragraph (8) provides that payments to enrolled providers shall be made from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as appropriate, or from the appropriation available for making Supplemental Security Income payments. If the beneficiaries are concurrently entitled to benefits under both title II and title XVI, the Commissioner shall allocate the cost of the payments to enrolled providers as appropriate.

The cost of administering the project (other than payments to enrolled providers) shall be met from the amounts available for the administration of title II and the amounts available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

Paragraph (9) authorizes the Commissioner to enter into contracts with any public or private entity for the purpose of assisting the Commissioner in carrying out this project.

Paragraph (1) of subsection (b) would authorize the Commissioner to make payments to the protection and advocacy system established under the Developmental Disabilities Assistance and Bill of Rights Act in any State in which the project is being conducted for the purpose of providing services to ticketed beneficiaries.

Paragraph (2) discusses the services which can be provided under this

subsection.

Paragraph (3) prohibits use of payments under this subsection, directly or indirectly, for the conduct of any class action lawsuit, or any administrative or judicial proceeding against the Commissioner, or any other officer or employee of the United States, or any State agency that makes determinations of blindness or disability on behalf of the Commissioner, regarding the performance of, or failure to perform, any duty, function, or activity required or authorized under title II, XI, or XVI of the Social Security Act.

Paragraph (4) provides that payments under this subsection shall be made from funds available for the administration of programs authorized under title II and title XVI.

Paragraph (1) of subsection (c) directs the Commissioner to develop a methodology for evaluating the desirability, feasibility, and cost-effectiveness of activities carried out under this section.

Paragraph (2) directs the Commissioner to evaluate the activities carried out under this section at the close of the third, fifth, and seventh fiscal years after the project is implemented, and prior to the close of the tenth fiscal year after implementation. The Commissioner shall determine whether the project has been sufficiently successful to warrant continuation or expansion to additional States, or whether the project should be discontinued.

Paragraph (3) provides that if, with respect to any fiscal year following the third fiscal year after implementation of the project, the Commissioner estimates that the net cost of the project shall exceed by \$20 million the net cost the Commissioner estimates would have been incurred in the absence of the project, the Commissioner must modify the project to ensure that the excess not exceed that amount or terminate the project.

Subsection (d) directs the Commissioner to submit to Congress a report on the activities conducted under this section following the close of the third, fifth, and seventh fiscal years after the project is implemented, and prior to the close of the tenth fiscal year after implementation. These reports should include such data, findings, materials, and recommendations that the Commissioner determines are appropriate.

Subsection (e) directs the Commissioner to promulgate any regulations that may be necessary or appropriate for carrying out this section. In developing these regulations, the Commissioner would seek to ensure that ticketed beneficiaries have access to the widest possible array of services, and sufficient information to make an informed choice about those services (including information regarding the accessibility

of services provided by the VR agency, and the rights and protections afforded individuals under the Rehabilitation Act of 1973).

Subsection (f) defines various terms used in this section.

A B I L L

To direct the Commissioner of Social Security to institute a ticket system and advocacy program designed to facilitate opportunities to work for Americans with disabilities who would otherwise remain dependent upon disability benefits payable under the Social Security or Supplemental Security Income program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part A of title XI of the Social Security Act is amended by adding after section 1145 the following new section:

"SEC. 1146. TICKET TO INDEPENDENCE PROJECT; PROTECTION AND ADVOCACY GRANTS.

"(a) Vocational Rehabilitation and Employment Services Project.--

"(1) In General.--The Commissioner of Social Security shall develop and carry out a pilot project designed to test the desirability, feasibility, and cost-effectiveness of an open market ticket system of returning disabled beneficiaries to work and thereby ending dependence on social security disability benefits payable under title II or supplemental security income disability benefits payable under title XVI.

"(2) Open market ticket system.--

"(A) In general.--The Commissioner shall establish a system under which a disabled beneficiary may use a ticket issued by the Commissioner in accordance with subparagraph (B) to obtain vocational rehabilitation or employment services from the enrolled provider of the

beneficiary's choice and the Commissioner shall pay the enrolled provider for returning the beneficiary to work.

"(B) Ticketing of beneficiaries.--The Commissioner shall issue a ticket to each disabled beneficiary residing in a State in which the project is conducted whom the Commissioner determines is an appropriate candidate to participate in the project.

"(C) Assignment of tickets.--The ticketed beneficiary may assign the ticket to any enrolled provider of the beneficiary's choice willing to accept the assignment.

"(D) Provision of services.--The enrolled provider to which a ticket has been assigned under subparagraph (C) shall provide (or arrange for the provision of) vocational rehabilitation or employment services to the ticketed beneficiary that the provider and beneficiary jointly agree are appropriate.

"(E) Expiration dates of tickets and duration of periods of assignment.--The Commissioner shall prescribe the expiration dates of tickets issued under subparagraph (B), and the duration for which the tickets may be assigned under subparagraph (C), as well as the allowable renewal periods, if any, of the tickets or assignments.

"(F) Federal payment to enrolled provider.--Except

as provided in paragraph (6), the Commissioner shall make payment to the enrolled provider holding the ticket assigned by a disabled beneficiary who returns to work. Such payment shall be made at such time or times, and shall be in a total amount that is commensurate with the savings that accrue to the Federal Old-Age and Survivors Insurance Trust Fund (in the case of a beneficiary entitled to benefits payable from such Fund), the Federal Disability Insurance Trust Fund (in the case of an individual entitled to benefits payable from such Fund), or the General Fund of the Treasury (in the case of an individual eligible for benefits under title XVI), as the Commissioner may prescribe.

"(3) Enrollment of providers.--Any provider serving, or willing to serve, a geographical area convenient to disabled beneficiaries residing in a State in which a project is conducted may participate in the project as an enrolled provider if it enters into an enrollment arrangement with the Commissioner under which it agrees to abide by the terms and conditions the Commissioner specifies.

"(4) Refusal to accept services.--

"(A) With respect to any month described in subparagraph (B), a ticketed beneficiary shall--

"(i) be subject to deductions from any benefit or payment to which the individual may be

entitled under title II in a manner consistent with that specified in section 222(b), in the case of an individual described in subsection (f)(1)(A), and

"(ii) cease to be an eligible individual (or eligible spouse) for purposes of title XVI, in the case of an individual beneficiary described in subsection (f)(1)(B).

"(B) A month described in this subparagraph is a month in which--

"(i) a ticketed beneficiary refuses, without good cause, to accept services from the enrolled provider to which the beneficiary assigned his or her ticket, or

"(ii) a ticketed beneficiary who the Commissioner determines is likely to be able to return to work upon successful acceptance of vocational rehabilitation or employment services refuses, without good cause, to assign his or her ticket to an enrolled provider.

"(5) Applicability of Sections 222 and Section 1615.--

"(A) Project State where State agency is an enrolled provider.--

"(i) If, in any State in which a project is conducted, the State agency described in sections 222 and 1615 (or all of those agencies, if more

than one is so described) elects to participate in the project as an enrolled provider, then Title 1 of the Rehabilitation Act shall continue to govern the terms and conditions by which disabled beneficiaries receive vocational rehabilitation and employment services from such agency, and, except as provided in clause (ii), sections 222 and 1615 have no effect during the conduct of the project in that State.

"(ii) Subsections c and (e) of section 222 apply to all disabled beneficiaries described in subsection (f) (1) (A) residing in a State in which a project is conducted.

"(B) Project State where State agency is not an enrolled provider.--

"(i) If, in any State in which a project is conducted, the State agency or agencies described in subparagraph (A) decline to participate in the project as enrolled providers, then all of sections 222 and 1615 other than the provisions specified in clause (ii) are effective in that State with respect to the agency or agencies and the disabled beneficiaries they serve.

"(ii) In any State described in clause (i), those provisions of sections 222 and 1615 that otherwise would require initial referral of all

disabled beneficiaries in the State to the State agency or agencies described in those sections in the absence of the State's unwillingness or inability to comply with the requirements of section 222 or section 1615 (as the case may be), have no effect in that State during the conduct of the project.

"(C) For purposes of subparagraphs (A) and (B), the term 'State agency described in section 1615' does not include the State agency administering the State program under title V of this Act.

"(6) Special requirements applicable to cross-referral to certain State agencies.--

"(A) In general.--An enrolled provider holding the ticket assigned by a disabled beneficiary may refer such beneficiary to a State agency described in section 222 or 1615 for vocational rehabilitation or employment services only if such enrolled provider and State agency have entered into a written agreement that meets the requirements of subparagraph (B).

"(B) Terms of agreement.--An agreement required by subparagraph (A) shall specify, in accordance with regulations promulgated pursuant to subparagraph (C)--

"(i) the extent (if any) to which the enrolled provider holding the ticket will provide to the State agency--

"(I) reimbursement for costs incurred in providing services described in subparagraph (A) to the disabled beneficiary, and

"(II) other amounts from the payment made by the Commissioner to the enrolled provider under paragraph (2) (F), and

"(iii) any other conditions that may be required by such regulations.

"(C) Regulations.--The Commissioner of Social Security and the Secretary of Education shall jointly promulgate regulations respecting the terms of agreements required by subparagraph (A).

"(D) Penalty.--No payment may be made under paragraph (2) (F) to an enrolled provider who violates the provisions of this paragraph or the regulations promulgated under subparagraph (C).

"(7) Phase-in.--Not later than twelve months after the date of the enactment of this section, the Commissioner shall implement the project required by this subsection in no fewer than five, and no more than ten, States. Subject to the provisions of subsection (c) (respecting modification or termination of the project), the Commissioner periodically thereafter shall increase the number of States in which the project operates so as to achieve operation in the maximum number of States feasible by the tenth year following the project's implementation commencement date.

"(8) Cost allocation.--

"(A) Payments to enrolled providers.--Payments to enrolled providers pursuant to paragraph (2)(F) shall be made from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as appropriate (in the case of ticketed beneficiaries described in subsection (f)(1)(A) who return to work) or from the appropriation available for making supplemental security income payments under title XVI (in the case of ticketed beneficiaries described in subsection (f)(1)(B) who return to work). With respect to ticketed beneficiaries who concurrently are entitled to benefits under title II and eligible for payments under title XVI who return to work, the Commissioner shall allocate the cost of payments to enrolled providers to which the tickets of beneficiaries have been assigned among such Trust Funds and appropriation, as appropriate.

"(B) Administrative expenses.--The costs of administering this subsection (other than payments to enrolled providers) shall be met from amounts available for the administration of title II and amounts available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

"(9) Contracts.--The Commissioner may enter into contracts with any public or private entity for the purpose

of assisting the Commissioner in carrying out a project under this subsection.

"(b) Protection and Advocacy Assistance.--

"(1) In general.--The Commissioner may make payments to the protection and advocacy system established pursuant to part C of title I of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) in any State in which the project under subsection (a) is conducted for the purpose of providing to ticketed beneficiaries the services described in paragraph (2).

"(2) Allowable services.--Services furnished to ticketed beneficiaries pursuant to a payment under this subsection may include information and advice about obtaining vocational rehabilitation and employment services available through the project conducted under subsection (a), and also, upon the request of the ticketed beneficiary, may include advocacy and other services the ticketed beneficiary may need in order to derive maximum benefit from the relationship with the enrolled provider to whom the beneficiary has assigned the ticket. Except as provided in paragraph (3), the services also may include pursuit of legal, administrative, or other appropriate remedies directly related to facilitating the return to work of the ticketed beneficiary.

"(3) Prohibition on certain activities.--Payments under this subsection may not be used, directly or indirectly, for

the conduct of any--

"(A) class action lawsuit, or

"(B) any administrative or judicial proceeding
against--

"(aa) the Commissioner,

"(bb) any other officer or employee of the
United States, or

"(cc) any State agency that makes
determinations of blindness or disability on
behalf of the Commissioner,
regarding the performance of (or failure to perform)
any duty, function, or activity required or authorized
under this title, title II, or title XVI.

"(4) Funding.--Payments under this subsection shall be
made from funds available for the administration of the
programs authorized under title II and title XVI.

"(c) Evaluation; Modification; Termination.--

"(1) Methodology.--The Commissioner shall develop a
methodology for evaluating the desirability, feasibility,
and cost-effectiveness of activities carried out under this
section. With respect to the project under subsection (a),
the methodology shall include the means to determine--

"(A) the annual cost (including net cost) of the
project and the annual cost (including net cost) that
would have been incurred in the absence of the project;

"(B) the characteristics of ticketed beneficiaries

who return to work;

"(C) the types of vocational rehabilitation or employment services furnished to ticketed beneficiaries who return to work;

"(D) the duration of vocational rehabilitation or employment services furnished to ticketed beneficiaries who return to work and the cost to providers in furnishing services;

"(E) the extent to which providers of vocational rehabilitation or employment services participate as enrolled providers, and their reasons for participating or not participating; and

"(F) whether such providers are equally willing to serve ticketed beneficiaries described in subparagraph (A) and subparagraph (B) of subsection (f)(1).

"(2) Evaluation.--Following the close of the third, fifth, and seventh fiscal years after the project under subsection (a) is implemented, and prior to the close of the tenth fiscal year after implementation, the Commissioner shall evaluate activities carried out under this section. With respect to the project under subsection (a), the Commissioner shall determine whether the project has been sufficiently successful to warrant continuation or expansion to additional States, or whether the project should be discontinued.

"(3) Required modification or termination.--If, with

respect to any fiscal year following the third fiscal year after the project under subsection (a) is implemented, the Commissioner estimates that the net cost of the project will exceed by \$20,000,000 the net cost that the Commissioner estimates would have been incurred in the absence of such project, then the Commissioner shall--

"(A) modify the project as may be necessary to ensure that the excess not exceed that amount, or

"(B) terminate the project.

"(d) Reports.--Following the close of the third, fifth, and seventh fiscal years after the project under subsection a) is implemented, and prior to the close of the tenth fiscal year after implementation, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the progress of activities conducted under this section. Reports submitted pursuant to this subsection shall include data, findings, materials, and recommendations that the Commissioner determines are appropriate.

"(e) Regulations.--The Commissioner shall promulgate regulations that may be necessary or appropriate for carrying out this section.

"(f) Definitions.--When used in this section--

"(1) the term 'disabled beneficiary' means an individual--

"(A) who is entitled to a benefit under title II

on the basis of disability, or

"(B) who is eligible for a payment under title XVI on the basis of blindness or disability;

"(2) the term 'ticketed beneficiary' means an individual to whom the Commissioner has issued a ticket pursuant to subsection (a)(2)(B);

"(3) the term 'ticket' means the document issued by the Commissioner to a disabled beneficiary under subsection (a)(2)(B) evidencing the Commissioner's agreement to pay an enrolled provider under subsection (a)(2)(F) upon the beneficiary's return to work;

"(4) the term 'provider' means a public or private provider of vocational rehabilitation or employment services, and may include a State agency administering the State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973, but only if all such agencies within the State elect to participate as enrolled providers in a project under subsection (a) conducted in that State, but the term does not include any State agency administering the State program under title V of this Act;

"(5) the term 'enrolled provider' means a provider that has entered into an enrollment arrangement with the Commissioner under subsection (a)(3);

"(6) the term 'return to work' means, with respect to any month, the performance of work activity by a disabled

beneficiary that precludes, in accordance with the terms of title II or XVI (as the case may be), the payment of a cash benefit under that title for the month;

"(7) the term 'net cost' means, with respect to any fiscal year--

"(A) the total of--

"(i) payments to providers pursuant to subsection (a)(2)(F) in the case of a determination of the net cost of a project under subsection (a), or

"(ii) payments to providers pursuant to section 222 and section 1615 (in the case of a determination of the net cost that would have been incurred in the absence of the project), less

"(B) the total of the benefits that otherwise would have been paid under title II and title XVI, and medical assistance that would otherwise have been furnished under title XVIII and title XIX, to beneficiaries who return to work."