

U.S. DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION  
WASHINGTON, DC 20202

INFORMATION MEMORANDUM

RSA-IM-00-10

DATE: January 3, 2000

ADDRESSEES: STATE VOCATIONAL REHABILITATION SERVICES (GENERAL)  
STATE VOCATIONAL REHABILITATION SERVICES (BLIND)  
CLIENT ASSISTANCE PROGRAMS  
REGIONAL REHABILITATION CONTINUING EDUCATION  
PROGRAMS (RRCEP)  
AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES  
GRANTS  
STATE REHABILITATION COUNCILS  
RSA SENIOR MANAGEMENT TEAM

SUBJECT: Passage and Signing of the Ticket to Work and Work Incentives  
Improvement Act of 1999 (P.L. 106-170)

On November 18, 1999 Congress passed H.R. 1180, The Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA). President Clinton signed this legislation into law on December 17, 1999 as P.L. 106-170.

In a statement upon signing of TWWIIA, the President directed his Cabinet to move swiftly to implement the legislation. The complete text of this statement is attached for your information.

Although the major responsibility for the implementation of TWIIA will be carried out by The Social Security Administration (SSA), it is essential that all members of the rehabilitation community become acquainted with the various provisions that will affect disabled individuals who wish to return to or enter employment. RSA staff has prepared a summary of the major provisions, a copy of which is attached. I hope this summary will be helpful to you as you begin the task of becoming familiar with the new Act.

During the coming months, RSA Central Office will conduct a series of briefings with regional staff so that they will be prepared to assist you with questions, which may arise as the provisions of TWWIIA become operational. Additionally, I have asked each Regional Commissioner to

assign a staff member to serve as the principle point of contact on issues pertaining to TWWIIA. A list of these individuals is attached, and I encourage you to contact them with your inquiries.

Finally, I and members of my staff, have met with officials of SSA to discuss preliminary implementation strategies for TWWIIA. There is an agreement between RSA and SSA to work together in the development of necessary regulations and other guidance materials. I hope that you will join in the effort to assure a successful implementation of this most significant legislation.

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Fredric K. Schroeder, Ph.D.  
Commissioner

Attachments

CC: COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL  
REHABILITATION  
NATIONAL COUNCIL ON INDEPENDENT LIVING  
NATIONAL ASSOCIATION OF PROTECTION AND ADVOCACY SYSTEMS  
NATIONAL REHABILITATION FACILITIES COALITION

**STATEMENT BY PRESIDENT BILL CLINTON AT THE SIGNING OF  
THE WORK INCENTIVES IMPROVEMENT ACT OF 1999**

Franklin Delano Roosevelt Memorial  
Washington, D.C.

9:55 A.M. EST

THE PRESIDENT: Thank you. Senator Kennedy, Senator Jeffords, we thank you for your leadership and your remarks today. And, Senator Roth, we thank you very much. We know this couldn't have happened without you. And, Senator Moynihan, Representative Lazio, thank you, sir. And, Representative Waxman and Representative Brown who are here, and Representative Dingell who is not here-I want to thank all of you for your leadership in the House. Give them all a hand. (Applause.)

I also want to thank the members of the administration who were particularly active in supporting this bill-Secretary Herman, the co-chair of my task force on the employment of adults with disabilities -- (applause) -- Secretary Shalala, Secretary Summers, Social Security Commissioner Apfel -- (applause.) I'd like to thank, in the White House, my Chief of Staff John Podesta, Chris Jennings, and Jeanne Lambrew, who had a lot to do with this bill, as all of you know. (Applause.)

I want to thank Senator Dole, especially, and through him all the citizens who came forward and made it possible for this to be a genuinely American bill. I want to welcome the members of the Roosevelt family who are here today, particularly Jim and Ann Roosevelt, my longtime friends. And now Jim is a member of this administration, something I'm very proud of.

I want to thank you, Justin Dart, and the members of the disability community who are here, for this and every other issue that we've worked on for over seven years now. (Applause.) And I want to acknowledge-James Sullivan really spoke for three others who are here -- Donna McNarnee, Paul Marshall, and Wesley Vinner. I thank them for being up here, because every one of them represents a different, slightly different story of someone who will benefit from this bill. And I thank them for sharing their stories with us. (Applause.)

I think it's kind of interesting, don't you, that Mr. Sullivan, from New Hampshire and Senator Jeffords, from Vermont, are the only two people up here without coats on? (Laughter.) This is a warm December day in New England. (Laughter.)

Senator Jeffords, you made that remark that President Roosevelt never carried Vermont. You know, my family communes with the Roosevelts on a regular basis -- (laughter) -- you may remember that. And Eleanor told Hillary last night you're forgiven, all is forgiven now. (Laughter.) This wipes the slate clean, this bill does. (Laughter.)

John Sweeney, we thank you for being here. And we thank the labor community for their support of this legislation, as well. (Applause.)

I think it is wonderfully fitting that this is the last piece of legislation a President of the United States will sign in the entire 20th century. (Applause.) We do it at this magnificent memorial, the Franklin Roosevelt, who from his wheelchair lifted our nation out of depression and led the free world to victory in World War II; who laid the building blocks for world peace and security that we enjoy today, and accomplished it all as an American with a disability.

In his time, as we all know-and we've had a lot of debates about that in this memorial context-Roosevelt felt he needed to keep his wheelchair from public view. Most people believed being disabled meant being unable, though he proved them wrong every day. Today, in the spirit of his leadership and the wake of his accomplishments, we move further along on our nation's marvelous journey of equal opportunity for all. (Applause.)

This is a good time for our country. We're ending the century on a high note, with 20 million new jobs since 1993; the lowest unemployment rate in 30 years; the lowest welfare rolls in 32 years; the lowest poverty rate in 20 years; in February, the longest economic expansion in our entire history. But in spite of this good economic news, we know that three out of four people with significant disabilities are not working. They're ready to work, they're willing to work, and they are very able to work. But as we have heard, they face the daunting barrier of losing their Medicare or Medicaid coverage if they get a job.

For many Americans with disabilities, medical bills, as you just heard from our previous speaker, may cost thousands more than what is typically covered by an employer's private health insurance. For some, including some on this stage, those medical bills, because of the attendant care services, may add up to more than any reasonable salary a person with disabilities could ever hope to earn.

And, yet, quite beyond the human cost of denying people the dignity of work, this defies common sense and economic logic. It doesn't make sense for people to be denied the dignity of work and for the taxpayers to pay the bills, whether they're working or not, and, therefore, losing the benefit of the productivity, the contributions to our economy and society and, as you just heard, the tax receipt of working Americans. Secretary Summers is here. You wouldn't believe how much time we spend arguing over how much longer this economic expansion can go on. How can we keep it going without inflation? How many expansions in the past

have been broken because inflation finally burst through and had to be taken down and that led to a recession?

Well, one way we can keep this economic expansion going is to take it to people and places who aren't part of it. That's what our New Markets Initiative to poor areas of America is all about. And make no mistake about it, that will be one big objective of this bill. This is an inflation-free way to keep America's economy growing. You are helping every single American-not just Americans with disabilities-every single American will be helped by this legislation today. (Applause.)

But, of course, even more compelling than the economic argument is the human one. Today, we say with a simple, but clear voice, no one should have to choose between taking a job and having health care. (Applause.)

This legislation reorients our policy by saying health care ought to be a tool to getting a job, earning a salary, paying taxes, and living up to one's God-given potential. You don't have to worry about losing Medicare or Medicaid anymore.

This landmark measure will also make a real difference to people who are facing the early onset of diseases like AIDS, muscular dystrophy, Parkinson's or diabetes. Right now, they may be able to work, but their work conditions are not deemed severe enough to qualify for Medicare. In other words, they may only become eligible for health care when they're no longer able to work. Now, the problem is they're uninsurable because of the conditions they have, even though they're not disabled. So they're also in a different kind of double-bind.

With this bill-thanks again to bipartisan support in Congress, and to the fact that the Senate Finance Committee and the House Ways and Means Committee found a way to fund it-we are going to have a \$250 million demonstration program that will allow these Americans to buy into the Medicare program, so they can stay on the job and don't have to give it up to get health care when they're perfectly capable of working. This is also a very important feature of this bill. (Applause.)

And finally, both Senator Kennedy and Senator Jeffords mentioned the Ticket to Work legislation that's a part of this bill. This creates long-overdue reforms of the job-training program, so people with disabilities can make their own choices about vocational rehabilitation services, the ones that are best for them. (Applause.)

Taken together, clearly, this is the most significant advancement for people with disabilities since the Americans with Disabilities Act almost a decade ago. It continues our administration's efforts to replace barriers to opportunity with policies based on inclusion, empowerment and independence.

That's why we reformed welfare, to reward the dignity of work; why we doubled the Earned Income Tax Credit for low-income working people, particularly those with children; raised the minimum wage; enacted the Family and Medical Leave law. This bill takes us another huge step in the right direction of both liberating and rewarding the creative energies of all Americans. (Applause.)

But our task isn't done. I often think it's ironic that when we have these bill signings the Presidents get to make the speeches and sign the bills, but the members of Congress must be sitting out there thinking they did all the work. (Laughter.) And, in truth, they did the lion's share, and I was proud to support them.

But now it's our turn. We have to make it work in the lives of real people. I have instructed Secretary Shalala, Secretary Herman and Commissioner Apfel to take immediate action to implement this legislation, to team up with the states, advocates, businesses and others who are crucial to make this bill work. (Applause.)

Now, all of you here who had a hand in this know that the way it's set up, states have a vital role to play. We want to take every opportunity to help every single state in America take maximum advantage of the new options provided under this legislation. We want to encourage employees to reach out and tap the talented pool of potential workers that are now available. We want to work with all of you to ensure that we effectively get the word out to people who have disabilities so they actually know about the benefit of this legislation.

This is about more than jobs or paychecks --I'll say it again -- it's about more than keeping our recovery going. It's fundamentally about the dignity of each human being; about the realization of a quality of opportunity; about recognizing that work is at the heart of the American Dream.

In the end, the counsel of Franklin Roosevelt that's etched in the walls of this memorial guides us still. He said, "No country, however rich, can afford the waste of its human resources." That is ever more true as we cross the threshold into the new millennium.

I think Mr. Roosevelt would be proud of all of you today. I think we have honored his life and his legacy. In the new century, America will realize even more of its promise because we have unleashed the promise of more Americans. Congratulations, and God bless you all. (Applause.)

I'd like to ask the members of Congress and the administration to come up for the bill signing now.

(The bill is signed.)

END 10:07 A.M. EST

***OVERVIEW OF MAJOR PROVISIONS  
THE TICKET TO WORK AND WORK INCENTIVES  
IMPROVEMENT ACT OF 1999***

The following is intended as an overview of the major provisions in Titles I, II and III of the "Ticket to Work and Work Incentives Improvement Act of 1999" (TWWIIA). Where appropriate, a description of current law has been included to compare with new provisions.

**Title I. Ticket to Work and Self-sufficiency and Related Provisions**

**Background**

Under current law, the Commissioner of the Social Security Administration (SSA) is required to promptly refer individuals applying for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits for necessary vocational rehabilitation (VR) services to the State VR program. The VR program is reimbursed for the costs of services to SSDI and SSI beneficiaries with a single payment after the beneficiary performs substantial gainful activity (earnings in excess of \$700 per month for non-blind disabled beneficiaries and \$1080 per month for blind beneficiaries) for a continuous period of at least nine months.

SSA has also established an alternate participant (AP) program in regulation where private or other public agencies are eligible to receive reimbursement from SSA for providing VR and related services to SSDI and SSI beneficiaries. To participate in the AP program, a beneficiary must first be referred to, and declined by, a State VR program. Such private and public agencies are reimbursed by the same procedures as State VR agencies.

**Section 101 of TWWIIA**

**1. Establishment of the Ticket to Work and Self-Sufficiency Program**

Section 1148 of the Social Security Act creates the Ticket to Work and Self-Sufficiency Program. The Commissioner of SSA is authorized to provide SSDI and disabled SSI beneficiaries with a "ticket," which they may use to obtain employment services, VR services, and other support services from an employment network of their choice to enable them to enter the workforce.

**2. Role of the State VR Program**

State VR agencies will have the option of participating in the program as an employment network or remaining in the current reimbursement system, including the option to elect either payment method on a case-by-case basis. Services provided by State VR agencies participating in the program will continue to be governed by state plans for VR services approved under Title I of the Rehabilitation Act. The Commissioner will issue regulations regarding the relationship between State VR agencies and other employment networks. There is also a requirement for agreements between the VR program and other employment networks that wish to refer

individuals to the public program. Also, SSA will no longer be required to make referrals to the public VR program, and use of any ticket by a beneficiary will be voluntary.

The Commissioner is also required to issue regulations to address other implementation issues, including distribution of tickets to beneficiaries.

The program will be phased in at sites selected by the Commissioner beginning no later than 1 year after enactment. The program must be fully implemented as soon as practicable, but not later than 3 years after enactment.

### **3. Program Managers**

The Commissioner is required to contract with “program managers,” which means one or more organizations in the private and/or public sector with expertise and experience in the field of VR or employment services through a competitive bidding process to assist SSA to administer the program. Agreements between SSA and program managers must contain performance standards, including measures of access of beneficiaries to services. Program managers are precluded from providing services in their own service area.

Program managers will recruit and recommend employment networks to the Commissioner, ensure adequate availability of services to beneficiaries, and provide assurances to SSA that employment networks are complying with the terms of their agreement. In addition, program managers will provide for changes in employment networks by beneficiaries.

### **4. Employment Networks**

Employment networks may consist of a single provider (public or private) or an association of providers, which will assume responsibility for the coordination and delivery of services. Employment networks may also include a one-stop delivery system established under Title I of the Workforce Investment Act of 1998. Employment networks will be required to demonstrate specific expertise and experience and provide an array of services. The Commissioner will select and enter into agreements with employment networks, conduct periodic quality assurance reviews, and establish a method for resolving disputes between beneficiaries and employment networks. Employment networks must meet financial reporting requirements prescribed by the Commissioner and prepare periodic performance reports, which will be provided to beneficiaries holding a ticket and made available to the public.

Employment networks and beneficiaries will jointly develop an individual employment plan for each beneficiary that provides for informed choice in selecting an employment goal and specific services needed to achieve that goal. A beneficiary's written plan will take effect upon written approval by the beneficiary or beneficiary's representative.



## **5. Payment to Employment Networks**

The program authorizes payment to employment networks for outcomes and long-term results through one of two payment systems designed to encourage maximum provider participation in serving beneficiaries.

The outcome payment system will provide payment to employment networks up to 40 percent of the average monthly disability benefit for each month benefits are not payable to the beneficiary due to work for a period not to exceed 60 months.

The outcome-milestone payment system is similar to the outcome payment system, except it provides for early payment(s) based on the achievement of one or more milestones directed toward the goal of permanent employment. To ensure the cost-effectiveness of the program, the total amount payable to a service provider under the outcome-milestone payment system must be less than the total amount that would have been payable under the outcome payment system.

The Commissioner is required to periodically review both payment systems and may alter the percentages, milestones, or payment periods to ensure employment networks have adequate incentive to assist beneficiaries in entering the workforce. In addition, the Commissioner is required to submit a report to Congress with recommendations for methods to adjust payment rates to ensure adequate incentives for the provision of services to individuals with special needs. The Commissioner must report to Congress within 3 years the adequacy of program incentives for employment networks in providing services to 'high risk' beneficiaries.

## **6. Evaluation**

The Commissioner is required to design and conduct a series of evaluations to assess the cost effectiveness and outcomes of the program. The Commissioner is required to periodically provide to the Congress detailed reports of the program's progress, success, and modifications needed.

## **7. Advisory Panel**

TWWIA establishes a Ticket to Work and Work Incentives Advisory Panel. The panel must consist of 12 members with experience or expert knowledge as a recipient, provider, employer or employee in the fields of, or related to, employment services, VR services, and other support services. At least one-half of the members must be individuals with disabilities or representatives of individuals with disabilities, with consideration given to current or former SSDI or SSI beneficiaries.

The Panel is to advise the Commissioner and report to the Congress on program implementation, including such issues as the establishment of pilot sites, refinements to the program, and the design of program evaluations.

The panel is to become effective 90 days after enactment.

## **Work Activity Standard as a Basis for Review of an Individual's Disabled Status**

### **Background**

Eligibility for SSDI cash benefits requires an applicant to meet certain criteria, including the presence of a disability that renders the individual unable to engage in substantial gainful activity. Substantial gainful activity is defined as work that results in earnings exceeding an amount set in regulations.

Continuing disability reviews (CDRs) are conducted by SSA to determine whether an individual remains disabled, and thus eligible for continued benefits. CDRs may be triggered by evidence of recovery from disability, including return to work. SSA is also required to conduct periodic CDRs every 3 years for beneficiaries with a non-permanent disability, and at intervals determined by the Commissioner for beneficiaries with a permanent disability.

### **Section 111 of TWWIIA**

This provision establishes that CDRs for long-term SSDI beneficiaries (i.e., those receiving disability benefits for at least 24 months) be limited to periodic CDRs. Although SSA will continue to evaluate work activity (to determine whether eligibility for cash benefits may continue), a return to work alone will not trigger a review of the beneficiary's impairment.

This provision is effective January 1, 2002.

## **Expedited Reinstatement of Disability Benefits**

### **Background**

Individuals entitled to SSDI benefits may receive expedited reinstatement of benefits following termination of benefits because of work activity any time during a 36-month extended period of eligibility. That is, benefits may be reinstated without the need for a new application and disability determination.

### **Section 112 of TWWIIA**

This provision establishes that an individual: (1) whose entitlement to SSDI benefits had been terminated on the basis of work activity following completion of an extended period of eligibility, or (2) whose eligibility for SSI benefits (including special SSI eligibility status under section 1619(b) of the Social Security Act) had been terminated following suspension of those benefits for 12 consecutive months on account of excess income resulting from work activity, may request reinstatement of these benefits without filing a new application. The individual must have become unable to continue working due to his or her medical condition and must file a reinstatement request within the 60-month period following the month of such termination.

While the Commissioner is making a determination pertaining to a reinstatement request, the individual will be eligible for provisional benefits (cash benefits and Medicare or Medicaid, as

appropriate) for a period of not more than 6 months. If the Commissioner makes a favorable determination, such individual's prior entitlement to benefits will be reinstated. If the Commissioner makes an unfavorable determination, provisional benefits will end, but the provisional benefits already paid will not be considered an overpayment.

This provision is effective January, 2001.

## **Work Incentives Outreach Program**

### **Background.**

Currently, SSA prepares and distributes educational materials on work incentives for individuals receiving SSDI and SSI benefits. Social Security personnel are expected to answer questions about work incentives. Work incentives currently include: exclusions for impairment-related work expenses; trial work periods during which an individual may continue to receive cash benefits; a 36-month extended period of eligibility during which cash benefits can be reinstated at any time; continued eligibility for Medicaid and/or Medicare; continued payment of benefits while a beneficiary is enrolled in a VR program; and plans for achieving self-support (PASS).

### **Section 121 of TWWIA**

The Commissioner of SSA is required to establish a community-based work incentives planning and assistance program for the purpose of disseminating accurate information to individuals on work incentives. Under this program, the Commissioner will establish a program of grants, cooperative agreements, or contracts to provide benefits planning and assistance (including protection and advocacy services) to individuals with disabilities and outreach to individuals with disabilities who are potentially eligible for work incentive programs. Also, SSA is required to establish a corps of work incentive specialists located within the Social Security Administration.

The Commissioner is required to determine the qualifications of agencies eligible for grants, cooperative agreements, or contracts. Social Security Administration field offices and State Medicaid agencies are deemed ineligible. Eligible organizations may include Centers for Independent Living, protection and advocacy organizations, and client assistance programs (established in accordance with the Rehabilitation Act of 1973, as amended), State Developmental Disabilities Councils (established in accordance with the Developmental Disabilities Assistance and Bill of Rights Act), and State welfare agencies (funded under Title IV-A of the Social Security Act).

Annual appropriations may not exceed \$23 million for fiscal years 2000-2004.

This provision is effective upon enactment.

## **State Grants for Work Incentives Assistance to Disabled Beneficiaries**

## **Section 122 of TWWIA**

The Commissioner of SSA is authorized to make grants to existing protection and advocacy programs authorized by the States under the Developmental Disabilities Assistance and Bill of Rights Act. Services may include information and advice about obtaining VR, employment, advocacy, and other services an SSDI or SSI beneficiary may need to secure or regain gainful employment, including applying for and receiving work incentives.

Appropriations may not exceed \$7 million for each of the fiscal years 2000-2004.

The provision is effective upon enactment.

## **Title II. Expanded Availability of Health Care Services**

### **Expanding State Options under the Medicaid Program for Workers with Disabilities**

#### **Background**

Most States are required to provide Medicaid coverage for disabled individuals who are eligible for SSI. Individuals are considered disabled if they are unable to engage in substantial gainful activity due to a medically determinable physical or mental impairment which is expected to result in death, or which has lasted or can be expected to last for at least 12 months. Eleven states link Medicaid eligibility to disability definitions, which may be more restrictive than SSI criteria.

Eligibility for SSI is determined by certain federally established income and resource standards. Individuals are eligible for SSI if their countable income falls below the Federal maximum monthly SSI benefit (\$500 for an individual and \$751 for couples in 1999). Not all income is counted for SSI purposes. Excluded from income are the first \$20 of any monthly income (i.e., either unearned, such as social security and other pension benefits, or earned) and the first \$65 of monthly earned income plus one-half of the remaining earnings. The Federal limit on resources is \$2,000 for an individual and \$3,000 for couples. Certain resources are not counted, including an individual's home, and the first \$4,500 of the current market value of an automobile.

States must provide Medicaid coverage for certain individuals under 65 who are working. These persons are referred to as "qualified severely impaired individuals under age 65." These are disabled and blind individuals whose earnings reach or exceed the basic SSI benefits standard, with disregards as determined by the States. (The current threshold for earnings is \$1,085 per month.) This special eligibility status applies as long as; (1) the individual continues to have a disabling impairment, (2) except for earnings, continues to meet all the other requirements for SSI eligibility, (3) would be seriously inhibited from continuing or obtaining employment if Medicaid eligibility were to end, and (4) has earnings that are not sufficient to provide a reasonable equivalent of benefits from SSI. State supplemental payments (if provided by the State), Medicaid, and publicly funded attendant care that would have been available in the absence of those earnings.

A recent change in law allowed States to increase the income limit for Medicaid coverage of disabled individuals. The Balanced Budget Act of 1997 (BBA) allowed States to elect to provide Medicaid coverage to disabled persons who otherwise meet SSI eligibility criteria but have income up to 250 percent of the Federal poverty guidelines. Beneficiaries under the more liberal income limit may “buy into” Medicaid by paying premium costs. Premiums are set on a sliding scale based on an individual's income as established by the State.

### **Section 201 of TWWIIA**

Under TWWIIA, states may establish two new optional Medicaid eligibility categories. These are:

- Option 1. States may cover individuals with disabilities (aged 16-64) who, **except for earnings, would be eligible for SSI**. In other words, states would be allowed to permit working individuals with disabilities and incomes above 250% of the Federal poverty level to buy into the Medicaid program. They will be required to pay premiums or other cost-sharing charges on a sliding-fee scale based on income.
- Option 2. If a state provides Medicaid coverage to individuals described in option 1, the state will have the option of providing coverage to employed persons with disabilities (aged 16-64) whose medical condition has improved (and as a result are no longer eligible for SSDI, SSI or Medicaid, but who continue to have a severe medically determinable impairment, as defined in regulations issued by the Secretary of HHS.

Individuals would be considered employed if they earn at least the Federal minimum wage and work at least 40 hours per month or are engaged in work that meets criteria for work, hours, or other measures established by the state and approved by the Secretary of HHS.

Under both of these options, states may establish uniform limits on assets, resources, and earned or unearned income (or both) for this group that differ from the Federal requirements. The state would be required to make premiums or other cost-sharing charges the same for both of these two new eligibility groups. States may require individuals with incomes above 250 percent of the Federal poverty level to pay the full premium cost. In the case of individuals with incomes between 250 percent and 450 percent of the poverty level, premiums may not exceed 7.5 percent of income. States must require individuals with incomes above \$75,000 per year (subject to annual adjustments after FY 2000) to pay all the premium costs. States may choose to subsidize premium costs for such individuals but may not use Federal funds to do so.

The Act requires that in order to receive Federal Medicaid funds, states must maintain the level of expenditures they expended in the most recent fiscal year prior to enactment of this provision to enable working individuals with disabilities to work.

These options are effective October 1, 2000.

## **Extending Medicare Coverage for SSDI Disability Benefit Recipients**

### **Background**

SSDI beneficiaries are allowed to test their ability to work for at least nine months without affecting their disability or Medicare benefits. Disability payments stop when a beneficiary has monthly earnings at or above the substantial gainful activity level (\$700) after the 9-month period. If the beneficiary remains disabled but continues working, Medicare can continue for an additional 39 months, for a total of 48 months of coverage.

### **Section 202 of TWWIIA**

TWWIIA provides for continued Medicare coverage for an additional 4½ years beyond the current limit.

TWIIA requires the General Accounting Office (GAO) to submit a report to Congress (no later than 5 years after enactment) that: (1) examines the effectiveness and cost of extending Medicare coverage to working disabled persons without charging them a Medicare Part A premium; and (2) examines the necessity and effectiveness of providing the continuation of Medicare coverage to disabled individuals with incomes above the Social Security taxable wage base \$72,600; (3) examines the use of a sliding-scale premium for high-income disabled individuals; (4) examines the viability of an employer buy-in to Medicare; (5) examines the interrelation between the use of continuation of Medicare coverage and private health insurance coverage; and (6) recommends whether the Medicare coverage extension should continue beyond the extended period provided under the bill.

This provision is effective October 1, 2000.

### **Grants to Develop and Establish State Infrastructures to Support Working Individuals with Disabilities**

#### **Section 203 of TWWIIA**

The Secretary of HHS must award grants to states to support the design, establishment, and operation of state infrastructures that provide items and services to support working individuals with disabilities. The Secretary must also award grants to states to conduct outreach campaigns regarding the existence of such infrastructures.

To be eligible for a grant, a state must demonstrate that it makes personal assistance services available under its Medicaid plan to the extent necessary to enable individuals with disabilities to remain employed, including working individuals with disabilities with incomes up to 250% of poverty buying into Medicaid. The term “personal assistance services” means a range of services provided by one or more persons, designed to assist an individual with a disability to perform daily activities on and off the job that the individual would typically perform if the individual did not have a disability.

TWWIA directs the Secretary of HHS to reward states that adopt the state Medicaid buy-in option for working individuals with disabilities with incomes up to 250% of poverty. States that choose not to adopt this option will be subject to a maximum grant award established by a methodology to be developed by the Secretary, consistent with the limit applied to states which adopt the option.

States are required to submit an annual report to the Secretary on the use of grant funds. In addition, the report must indicate the increase in the number of SSDI and SSI beneficiaries who return to work.

Congress **must** appropriate \$20 million for fiscal year 2001, \$25 million for fiscal year 2002, \$30 million for fiscal year 2003, \$35 million for fiscal year 2004, \$40 million for fiscal year 2005, and for fiscal years 2006-2011 an amount appropriated for the preceding fiscal year increased by the Consumer Price Index.

The Secretary, in consultation with the Ticket to Work and Work Incentives Advisory Panel, is required to make a recommendation by October 1, 2009 to the Congress regarding whether the grant program should continue after fiscal year 2010.

### **Demonstration of Coverage under the Medicaid Program of Workers with Potentially Severe Disabilities**

#### **Section 204 of TWWIA**

Under TWWIA, a state may apply to the Secretary of HHS for a demonstration project under which a specified maximum number of individuals who are **workers with a potentially severe disability** will be provided medical assistance. This assistance shall be: (1) equal to that provided to workers with disabilities whose income does not exceed 250% of the Federal poverty level and (2) who would be eligible for SSI, except for their earnings (the provision added by the BBA). Should a state elect not to provide medical assistance to these workers with disabilities, the state's demonstration project must provide such medical assistance as the Secretary determines is an appropriate equivalent to the medical assistance provided under such option.

A "worker with a potentially severe disability" is an employed individual with a specific physical or mental impairment that, as defined by the state, is reasonably expected, but for the receipt of medical assistance, to become disabling as defined under the Social Security Act.

Congress **must** appropriate \$42 million for fiscal years 2001-2004 and \$41 million for fiscal years 2005-2006. In no case may payments made to the states by the Secretary exceed \$250 million in the aggregate.

## **Election by Disabled Beneficiaries to Suspend Medigap Insurance when Covered Under a Group Health Plan**

### **Section 205 of TWWIA**

TWWIA requires Medigap supplemental insurance plans to provide that benefits and premiums of such plans be suspended at the policyholder's request if the policyholder is entitled to Medicare Part A benefits as a disabled individual and is covered under a group health plan (offered by an employer with 20 or more employees). If suspension occurs and the policyholder loses coverage under the group health plan, the Medigap policy is required to be automatically reinstated (as of the date of loss of group coverage) if the policyholder provides notice of the loss of such coverage within 90 days of the date of losing group coverage.

## **Title III. Demonstration Projects and Studies**

### **Extension of Disability Insurance Program Demonstration Project Authority**

Section 505 of the Social Security Disability Amendments of 1980 provides the Commissioner of Social Security authority to conduct certain experiments and demonstration projects to test ways to encourage SSDI beneficiaries to return to work. This demonstration authority expired on June 9, 1996.

### **Section 301 of TWIA**

Effective upon enactment, the bill extends the demonstration authority for 5 years, and includes authority for demonstration projects involving applicants as well as beneficiaries.

### **Demonstration Projects Providing for Reductions in Disability Insurance Benefits Based on Earnings**

Under current law, a SSDI beneficiary who has earnings above the substantial gainful activity level will lose all cash benefits after successful completion of a nine month trial work period.

### **Section 302 of TWWIA**

TWWIA requires the Commissioner of SSA to conduct a demonstration project under which payments to SSDI beneficiaries would be reduced \$1 for every \$2 of beneficiary earnings. The Commissioner is required to annually report to the Congress on the progress of this demonstration project.



## **Reports and Studies**

### **Section 303 of TWWIIA**

The General Accounting Office (GAO) is required to conduct the following:

1. **Report of Existing Disability-Related Employment Incentives.**  
Directs GAO to assess the value of existing tax credits and disability-related employment initiatives under the Americans with Disabilities Act and other Federal laws. The report is to be submitted within 3 years to the Senate Committee on Finance and the House Committee on Ways and Means.
2. **GAO Report of Existing Coordination of the SSDI and SSI Programs as They Relate to Individuals Entering or Leaving Concurrent Entitlement.** Directs GAO to evaluate the coordination under current law of work incentives for individuals eligible for both SSDI and SSI. The report is to be submitted within 3 years to the Senate Committee on Finance and the House Committee on Ways and Means.
3. **GAO Report on the Impact of the Substantial Gainful Activity Limit.**  
Directs GAO to examine substantial gainful activity limit as a disincentive for return to work. The report is to be submitted within 2 years to the Senate Committee on Finance and the House Committee on Ways and Means.
4. **Report on Disregards under the SSDI and SSI Programs.**  
Directs the Commissioner of SSA to identify all income disregards under the SSDI and SSI programs; to specify the most recent statutory or regulatory change in each disregard, the current value of any disregard if the disregard had been indexed for inflation, and recommend any further changes; and to report certain additional information and recommendations on disregards related to grants, scholarships, or fellowships used in attending any educational institution. The report is to be submitted within 90 days to the Senate Committee on Finance and the House Committee on Ways and Means.
5. **GAO Report on SSA's Demonstration Authority.** Directs GAO to assess efforts to conduct disability demonstrations and to make a recommendation as to whether such authority should be made permanent. The report is to be submitted within 5 years to the Senate Committee on Finance and the House Committee on Ways and Means.