

**“TICKET TO WORK AND SELF-SUFFICIENCY ACT  
OF 1998”**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON SOCIAL SECURITY  
OF THE  
COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

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MARCH 17, 1998  
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**Serial 105-35**

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**“TICKET TO WORK AND SELF-SUFFICIENCY  
ACT OF 1998”**

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**TUESDAY, MARCH 17, 1998**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
SUBCOMMITTEE ON SOCIAL SECURITY,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 3 p.m., in room 1100, Longworth House Office Building, Hon. Jim Bunning (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

# ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

## SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-9263

March 10, 1998

No. SS-15

### **Bunning Announces Hearing on the “Ticket to Work and Self-Sufficiency Act of 1998”**

Congressman Jim Bunning (R-KY), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the “Ticket to Work and Self-Sufficiency Act of 1998.” The hearing will take place on Tuesday, March 17, 1998, in the main Committee hearing room, 1100 Longworth House Office Building, beginning at 3:00 p.m.

In view of the limited time available to hear witnesses, oral testimony will be from invited witnesses only. However, any individual or organization may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

#### **BACKGROUND:**

Social Security programs are vital to all Americans. The disability program is particularly important because it protects workers and their families against severe financial hardship that occurs when workers sustain severe illnesses or disabling conditions that prevent them from working. Due to advances in medicine, technology, and the field of rehabilitation, there are people who, despite serious disabilities, want to work and could work if provided the kind of rehabilitation services they need.

Chairman Bunning and Rep. Barbara Kennelly (D-CT), expect to introduce this week the “Ticket to Work and Self-Sufficiency Act of 1998,” to help Social Security and Supplemental Security Income recipients return to a life of economic security and self-sufficiency. The major provisions of the legislation would ease the transition of Social Security and Supplemental Security Income disabled beneficiaries into the workforce. Generally, the bill would provide Social Security beneficiaries with choice in selecting providers of services and choice in selecting the specific services they need to help them achieve gainful employment. Generally, the providers of services would be paid for outcomes and long-term results. The payment process would be designed to ensure that as many providers as possible are available to serve consumers of these services.

One of the primary barriers confronting beneficiaries who would like to work is the fear of losing health care coverage. To help alleviate that fear, the “Ticket to Work and Self-Sufficiency Act” would extend Medicare an additional two years beyond current law to these individuals. This means that recipients would have Medicare coverage for a total of six years from the time they first make an attempt to work.

Due to the nature of their disability, many individuals incur extraordinary costs in trying to get a job and maintaining that job. The legislation would create a tax credit of 50 percent of impairment-related work expenses up to \$10,000 a year. Also, to better help consumers transition into work, the bill would include a requirement that the Social Security Administration (SSA) test a gradual offset of Social Security

Disability Insurance benefits by reducing monthly benefits \$1 for every \$2 in earnings over a determined level.

In addition, the bill would create an Advisory Panel, made up of consumers, providers, and employer representatives. Finally, the new program would be gradually phased in, closely monitored, and thoroughly evaluated over time.

In announcing the hearing, Chairman Bunning stated: "During the last three years, we have learned a great deal about the barriers that prevent beneficiaries with disabilities from attempting return to work. The 'Ticket to Work and Self-Sufficiency Act of 1998,' includes many provisions that help remove those barriers. I look forward to hearing the views of our witnesses to ensure that we are taking the best possible legislative action to provide real opportunities to persons with severe disabilities."

#### **FOCUS OF THE HEARING:**

The Subcommittee will receive the views of SSA, individuals with disabilities, and providers on the "Ticket to Work and Self-Sufficiency Act of 1998."

#### **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) single-space legal-size copies of their statement, along with an IBM compatible 3.5-inch diskette in ASCII DOS Text or WordPerfect 5.1 format only, with their name, address, and hearing date noted on a label, by the close of business, Tuesday, March 31, 1998, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, at least one hour before the hearing begins.

#### **FORMATTING REQUIREMENTS:**

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages including attachments. At the same time written statements are submitted to the Committee, witnesses are now requested to submit their statements on an IBM compatible 3.5-inch diskette in ASCII DOS Text or WordPerfect 5.1 format. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at 'HTTP://WWW.HOUSE.GOV/WAYS\_\_MEANS/'.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

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Chairman BUNNING [presiding]. The Subcommittee will come to order.

We welcome all our witnesses and our guests who have joined us today.

We are here to discuss the Ticket to Work and Self-Sufficiency Act of 1998, introduced on behalf of myself and Mrs. Kennelly, bipartisan legislation that will assist individuals who receive Social Security and Supplemental Social Security Disability benefits.

Due to advances in medicine and technology and the field of rehabilitation, there are people who, despite serious disabilities, want to work and could work if they were provided the right kind of rehabilitation and support services. This legislation will help provide those supports and open the door to those wanting to pursue employment.

In our Subcommittee hearings over the last 3 years, we have heard from individuals with disabilities, their advocates, and various providers of services. We learned a great deal about barriers that prevent beneficiaries with disabilities from attempting to work. Mrs. Kennelly and I have worked on a bipartisan basis to produce a bill that will help tear down those barriers. Let me emphasize the key elements of this legislation.

The bill puts the beneficiary first. Beneficiaries can choose the providers they want and the services they want to assist them to enter the work force. Medicare will be extended 2 additional years. The bill creates a tax credit equal to 50 percent of up to \$10,000 in impairment-related work expenses to workers with disabilities.

To help beneficiaries more easily transition from benefits to wages, our bill includes a requirement that SSA test a gradual offset of SSDI cash benefits by withholding \$1 for every \$2 in earnings over a certain level.

And finally, our bill enables as many providers of services as possible to participate through a payment system that rewards results.

My goal in crafting this legislation was to provide individuals with disabilities the opportunity to obtain the tools and services they need to return to self-sufficient lives.

I look forward to hearing the feedback of our witnesses today, so that we may move forward with the best legislation possible.

In the interest of time, it is our practice to dispense with opening statements except from the Ranking Democrat Member. All Members are welcome to submit statements for the record.

I yield to Congresswoman Kennelly for any statement she wishes to make.

Mrs. KENNELLY. Thank you, Chairman Bunning.

I am very pleased to be holding this hearing today on helping disabled Social Security beneficiaries return to work. Chairman Bunning and I have worked on a bipartisan approach to this problem, and we are anxious to have additional input from both people with disabilities and providers of vocational rehabilitation services.

The bill we have introduced offers three important bridges to employment. First, it gives beneficiaries a greater choice of vocational rehabilitation. Second, it offers more security in health care by extending Medicare coverage for an additional 2 years. Third, it makes work pay by instituting a credit of 50 percent of work expenses related to a person's disability—up to \$10,000 in expenses.

Finally, and equally important, it directs the Commissioner of Social Security to study a program under which Social Security disability benefits would be reduced gradually, as an individual's earnings increase. This would help to soften the loss of the disability benefits and further encourage individuals with disabilities to return to work.

I appreciate the expression of support we have already received from a wide variety of groups representing people with disabilities and providers of service. I look forward to working with them and with Chairman Bunning and the administration to pass this legislation.

I want particularly to welcome today Quincy Abbot, who is from my home district, and I'm delighted that he could be here.

Thank you, Mr. Chairman.

Chairman BUNNING. Thank you, Ms. Kennelly.

First, we will hear from our colleague from the Ways and Means Committee, Congressman Jim Ramstad of Minnesota. Jim, would you like to begin?

**STATEMENT OF HON. JIM RAMSTAD, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF MINNESOTA**

Mr. RAMSTAD. Thank you, Mr. Chairman, Ranking Member Kennelly, Members of the Subcommittee. I really do appreciate the opportunity to be here today before the Subcommittee to discuss the critical need to eliminate obstacles that prevent people with disabilities from working.

I've been working to knock down the barriers for people with disabilities who want to work since I was first elected to the Minnesota Senate in 1980. When I came to Congress in 1991, I was surprised to find that, among all the caucuses and task forces in Congress, there was no group specifically focused on issues affecting people with disabilities. At that time, I started the Republican Task Force on Disabilities, and appreciate the help of the Chairman and other Members in focusing on these issues even back then.

Because of my commitment, Mr. Chairman, to helping people with disabilities return to work, I introduced legislation back in 1993, not too dissimilar from this legislation, to remove some of the barriers. And like you, I've heard countless stories of frustrated people with disabilities who desperately want to work to better themselves and their families and to contribute to society. Unfortunately, as you know, they're literally prohibited from doing so be-

cause of the confusing Federal programs and rules that make working all too difficult or expensive.

This legislation, thanks to you working in a bipartisan, pragmatic, thoughtful way, begins the process to finally let Americans with disabilities live up to their full potential. Preventing people from working, Mr. Chairman, runs counter to the American spirit, a spirit that thrives on individual achievements and the larger contributions to society that result. Creating work incentives for people with disabilities is not just humane public policy; it's sound fiscal policy. Removing the barriers to discourage people with disabilities from working will mean they can earn a regular paycheck, pay taxes, and move off public assistance. Eliminating the current barriers to work that so many people face is both the right thing to do and the cost effective thing to do.

I have a very dear friend, Tom Haben, who happens to be a person with quadriplegia. Tom worked in my Minnesota office when I was first elected, but it became counterproductive. He had the risk of losing benefits, and quite frankly, couldn't have a high enough salary to justify working. Such a disincentive to work is wrong, and I appreciate your efforts here at correcting that situation, so that the many Tom Habens out there are able to work and be productive, as they want to be. So that they can enjoy the dignity of independent living and be like the rest of us who happen to be able bodied.

I realize, Mr. Chairman, that some of the elements of comprehensive reform that I and many members of my own Advisory Committee on Disabilities back in Minnesota would like to see enacted are not part of the current legislation, but I am committed to working with you to pass this bill and future related legislation to achieve our goals. I realize that we have to do it in an incremental way, and I applaud your efforts at so doing.

So let me just say, in concluding, Chairman Bunning and Mrs. Kennelly and Members of the Subcommittee, thanks again for your leadership on these critical issues. I also want to thank your Subcommittee staff for their excellent work on this important foundational legislation.

I look forward to continuing to work with you on our shared goal of helping people with disabilities return to work, a very, very important goal. Again, I applaud your efforts and thank you for your leadership. Thank you, Mr. Chairman.

[The prepared statement follows:]

**Statement of Hon. Jim Ramstad, a Representative in Congress from the State of Minnesota**

Mr. Chairman, Mrs. Kennelly, I very much appreciate the opportunity to be here today before the Subcommittee to discuss the critical need to eliminate obstacles that prevent people with disabilities from working.

I have been working to knock down the barriers for people with disabilities who want to work since I was first elected.

In fact, when I came to Congress in 1991, I was surprised to find that among all the caucuses and task forces on the Hill, there was no group specifically focused on issues affecting people with disabilities. That's why I started the Republican Task Force on Disabilities.

And because of my commitment to helping people with disabilities return to work, I introduced legislation in 1993 to remove some of the barriers.

I have heard countless stories of frustrated individuals who desperately want to work and contribute to society. Unfortunately, they are literally prohibited from

doing so because confusing federal programs and rules make working too difficult or expensive. This legislation begins the process to finally allow Americans with disabilities to live up to their full potential.

Preventing people from working runs counter to the American spirit, a spirit that thrives on individual achievements and the larger contributions to society that result.

Creating work incentives for people with disabilities is not just humane public policy, it is sound fiscal policy. Removing the barriers that discourage people with disabilities from working will mean they can earn a regular paycheck, pay taxes and move off public assistance.

Eliminating the current barriers to work that so many individuals face is both the right thing to do and the smart thing to do.

I realize that some of the elements of comprehensive reform that I, and many members of my own Advisory Committee on Disabilities in Minnesota, would like to see enacted are not part of this legislation right now, but I am committed to working with you to pass this bill, and future related legislation, to achieve our goals.

Chairman Bunning and Mrs. Kennelly, thanks again for your leadership on these critical issues. I would also like to thank your subcommittee staff for their excellent work on this important foundational legislation. I look forward to continuing to work with you on our shared goal of helping people with disabilities return to work.

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Chairman BUNNING. Thank you, Jim, and we appreciate your testimony and look forward to you working with us next week when we bring it to the Committee. Thank you.

Mr. RAMSTAD. Thank you.

Chairman BUNNING. Testifying on our first panel today is Dr. Susan Daniels, Associate Commissioner of Disability. Dr. Daniels, you can start any time you choose.

**STATEMENT OF SUSAN M. DANIELS, PH.D., ASSOCIATE COMMISSIONER FOR DISABILITY, SOCIAL SECURITY ADMINISTRATION**

Ms. DANIELS. Thank you, Mr. Chairman. Good afternoon, Chairman, Members of the Subcommittee. Thank you for inviting me here today to discuss the initiatives to ensure that SSA beneficiaries with disabilities who want to work have an opportunity to work.

As Administrator of the largest disability program in the world and as a member of one of our Nation's largest minorities, Americans with disabilities, I'm excited about the initiatives that will increase work force participation of individuals with disabilities. I would like to summarize my remarks and request that my full statement be submitted for the record.

Chairman BUNNING. Without objection.

Ms. DANIELS. I join Commissioner Apfel in applauding the spirit and intent of the proposed legislation, specifically, the SSA-related provisions. We believe that the ticket approach included in your proposal and in our proposal will allow many more beneficiaries to enter the work force. The ticket is a public/private partnership to give people receiving disability benefits what they want and what they need: Control and flexibility to secure services tailored for their individual requirements from their choice of providers.

The provisions mandating that SSA develop a demonstration project to assess the effectiveness of reducing an individual disability benefit according to an amount of earnings are challenging and

may be cause for concern. Our concerns are three: First, the cost constraints of conducting such a demonstration; second, testing features, especially induced demand, will be difficult; and third, ensuring fairness for current and future beneficiaries is of primary importance. We prefer the greatest possible flexibility.

Our goal, like yours, is to provide customer choice, pay for outcomes and results, rather than services, and encourage innovation.

Choice—Social Security beneficiaries desire and need choice and flexibility in pursuing services that will help them become gainfully employed.

Paying for results—beneficiaries and providers alike should focus on the goal of stable, long-term employment. Our goal is to frugally use public funds by rewarding success.

Innovation—the ticket will encourage innovations in the private and public sectors by creating opportunities for State agencies, providers, employers, and beneficiaries to work together.

Based on our experiences and extensive collaboration with professional groups, advocates, and our customers, we have learned that many individuals with disabilities want to work and will work if they have access to the services they need. We have been working closely with you to refine the return-to-work proposals to ensure that they meet the needs of beneficiaries, the provider community, and the American taxpayer.

Through our own current initiatives, we have, and will continue to gain, valuable experience that will ensure the success of this legislation. We are encouraged by results we have seen.

First, it is clear that there are many results-oriented providers in the private sector who want to help. Over the last year, we have received 500 proposals in response to a solicitation and currently we have over 270 providers under contract. We have several providers with national areas of scope and contracts specifically in 41 States. We soon hope to have providers in every State. Many providers in our current reimbursement program have told us that they are eager to participate in a ticket-type program.

Second, SSA's experience with the RSVP Project will help us better understand the concept of using a program manager, as in your legislation, to oversee service provision. Project RSVP is a project that uses private contractors to ensure that return-to-work services are more readily available to SSA-referred individuals and improves the administration and cost effectiveness of our program.

Third, we have been working to find new and innovative ways to bring more information about the work incentives to our beneficiaries. I'd like to mention four specific methods for delivering this information.

First, we have a Web site now within the Social Security Web site with information about our work incentives.

Second, we have developed new training and information packets that are user friendly and are issued in a variety of formats.

Third, as part of our research agenda, we have been working with Virginia Commonwealth University to develop and test a decision-support software package called WorkWORLD for use in assisting customers and service providers in determining the effects of work on benefits. This will allow our beneficiaries to be

making more informed choices and they will be able to see the advantages of working.

And, we have created a kit called "Graduating to Independence," aimed specifically at young people in transition to work. The kit contains a videotape and computer software that gives the facts about work incentives and introduces young people to adults with disabilities who are working.

As a final point, Mr. Chairman, using our current SSI demonstration authority, we plan to solicit well-researched and comprehensive projects that will strengthen and facilitate coordinated service delivery at the State level, including benefits and health care. As you know, our demonstration authority under the Social Security Disability Insurance Program expired in 1996. We want to thank you and all of the Committee for your support in extending that authority, and we eagerly await action in the Senate.

Mr. Chairman, I want to thank you and Representative Kennelly again for your efforts to assist people with disabilities who would otherwise remain on the rolls to return to work. We stand ready, willing, and able, when you enact this legislation, to implement it. I would be delighted to take any questions.

[The prepared statement follows:]

**Statement of Susan M. Daniels, Ph.D., Associate Commissioner for  
Disability, Social Security Administration**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss initiatives to assure that the Social Security Administration's (SSA) beneficiaries with disabilities who want to participate in the workforce have the opportunity to do so. As administrator of the largest disability program in the world, and as a member of one of the country's largest minorities, Americans with disabilities, this month, I have witnessed initiatives that I believe will be invaluable in increasing workforce participation for individuals with disabilities.

Four days ago, the President signed his executive order, Increasing Employment of Adults with Disabilities, which is the largest national effort to date to increase the employment of adults with disabilities to a rate that is as close as possible to the employment rate of the general adult population and to support the goals of the Americans with Disabilities Act of 1990. And just two days before that, you, Mr. Chairman and you, Representative Kennelly, introduced legislation which furthers this effort. Thanks to the President's leadership, and your efforts, we hope we can make real progress in this area, so that those individuals with disabilities who want to work can do so.

When the President first offered a proposal for a "Ticket to Independence" last year, and when I accompanied then-Acting Commissioner Callahan as he testified before this subcommittee in July, we recognized that there were a number of issues that needed to be addressed. Today, I join Commissioner Apfel on behalf of our beneficiaries with disabilities to applaud the spirit and intent of the Social Security Administration (SSA)-related portions of your proposed legislation.

No one solution will be all things to all people, but the time has come, and the Agency is prepared, to work toward making the concepts of economic independence a reality. Today, I would like to reinforce the principles behind the SSA "Ticket" proposal, which are similar to the provisions for improved access to VR services in the Bunning-Kennelly bill, and to give you some information about other initiatives we are involved in to help our beneficiaries return to work. Of course, as a representative of SSA, I cannot speak to the bill's Medicare or tax provisions which are beyond SSA's purview.

We believe that the "Ticket" approaches included in our proposal and your bill, will result in many more opportunities for our beneficiaries to receive the services they need in order to work. The "Ticket" is a public-private partnership to give people receiving disability payments what they want and need—the control and flexibility to secure services tailored to their individual requirements from their choice of providers. The "Ticket" maintains fiscal discipline, since providers would be paid only for results.

The President's proposal for a "Ticket to Independence," which is similar to your bill, Mr. Chairman, is based on the following sound fundamental principles:

**Customer Choice:** SSA's beneficiaries desire and need maximum flexibility and choice in pursuing services which will help them to become gainfully employed. Beneficiaries with disabilities must be able to choose a participating public or private employment or rehabilitation provider to access the services that they need to participate in the workforce.

**Paying for Outcomes:** Beneficiaries and providers alike should focus on the goal of stable employment. A focus on outcomes and milestones is best achieved by linking it to financial rewards. Our goal is to reward success and frugally use public funds in an accountable and targeted way.

**Encouraging Innovation:** We hope the competition in the proposed legislation would encourage innovations in the private and public sectors by creating opportunities for State agencies, local non-profit and for-profit providers, employers, and beneficiaries.

The Administration-proposed "Ticket," like the Bunning-Kennelly bill, is based on a structure of bringing new service providers into this process. Both are based on developing new and innovative ways to return beneficiaries with disabilities to the workforce based on actual outcomes, working with service providers outside of the public program, and providing a good infrastructure of information and support services. Many of these concepts are currently underway at SSA, and I would like to take this opportunity to discuss some of our initiatives.

First, however, there is one activity contained in your proposal that is a cause for concern. That is the provision that mandates SSA develop a demonstration project to assess the effectiveness of reducing a disabled individual's benefit amount on account of earnings. Planning this type of demonstration project presents certain challenges: meeting cost constraints; designing a demonstration project that would truly test the features, especially the potential for induced demand; and ensuring the fairness of the demonstration for current and future beneficiaries. Rather than this mandate, we would prefer the flexibility to examine the relevant issues and design any demonstrations through a general demonstration authority.

#### WHERE WE ARE TODAY

As you are well aware, a very limited number of our approximately 8 million Social Security and Supplemental Security Income (SSI) disability recipients leave the disability rolls each year because of successful rehabilitation. In fiscal year (FY) 1997, SSA paid State VR agencies about \$89 million for their services provided to approximately 8,300 beneficiaries with disabilities who worked at least 9 months at the substantial gainful activity level.

Based on our experience and extensive collaboration with professional groups and advocates, we have learned that many more individuals with disabilities want to work and will do so if they have access to the rehabilitation services they need to reenter the workforce. We recognize the myriad of complex and sensitive issues that must be addressed to achieve the goal of removing barriers for our beneficiaries with disabilities to be successfully rehabilitated and participate in the workforce.

With this in mind, we have made tremendous progress on a number of other initiatives in the return-to-work arena which I would now like to share with you.

#### *Alternate Provider*

It is clear that there are many providers in the private sector who are willing to help. In March 1994, the SSA amended the VR regulations to provide more opportunities for people with disabilities to receive employment and rehabilitation services they need to return to work or enter the workforce for the first time. These regulatory changes allowed SSA to refer Social Security Disability Insurance (SSDI) beneficiaries and SSI recipients who are blind or disabled to VR service providers in the public or private sectors. The option of serving the beneficiary continues to be offered first to the states; however, if SSA does not receive notification that the state has accepted a beneficiary for services by the end of the 4th month after the month of referral, we may arrange for an alternate provider to serve that individual. (Of course, this process will change when the "Ticket" legislation is passed.)

During 1996, SSA mailed a presolicitation notice to more than 500 potential providers who had previously contacted us regarding participation in our program. Later in that year, we released a Request for Proposal (RFP) describing the requirements for the VR program and requested interested VR service providers to apply. As part of their proposals, potential alternate participants were required to specify the type of impairment(s) and geographic area(s) they can serve.

We received 500 proposals in response to the solicitation, and currently have over 270 providers under contract. We have contracts with providers in 41 states and, although we currently do not have contracts with providers in every state, we do have several providers with national service areas. This is an indication that there are providers who are ready to work with our beneficiaries with disabilities and with SSA.

It is important to note that this is not a competitive procurement with limits on the number of contracts awarded. SSA intends to expand the pool of providers who can serve our beneficiaries with disabilities, and, in fact, we expect to release another RFP later this spring to solicit more providers. We are very encouraged by the number of contracted providers who have already expressed interest in participating in SSA's VR program. The current list of qualified providers are serving a number of the approximately 86,000 available beneficiaries.

#### *Project RSVP*

Our experience with Project RSVP (Referral System for Vocational Rehabilitation Providers) will help us better understand the concept of using a program manager to oversee service providers. The objective of Project RSVP is to assure that return to work services are more readily available to SSA-referred individuals while improving the administration and cost-effectiveness of the program. RSVP is a 3-year demonstration project to test the advantages and the cost effectiveness of contracting out certain administrative functions under SSA's VR referral and reimbursement programs. On September 27, 1997 a contract was competitively awarded to Birch & Davis Associates, Inc. of Maryland. Birch & Davis has begun marketing efforts to alert potential VR providers about the project. In addition, a toll-free number to respond to questions as well as the contractor's bulletin board to refer individuals to Alternate Providers have become operational.

#### *Delivery of Work Incentive Information*

As a part of our research agenda, we are working with the Virginia Commonwealth University to develop and test a decision support software package called WorkWorld for use in assisting consumers and service providers in determining the effects of work on their entitlement to SSA benefits as well as other federal/state benefits, such as food stamps. This will allow our beneficiaries to make more informed choices regarding employment opportunities.

We have created an attractive education kit called, "Graduating to Independence" (GTI), that is aimed specifically at youth in transition from education to employment and their families. It was designed for use by educators or professional organizations to instruct young beneficiaries and their families about SSA's work incentives. This multimedia kit contains a videotape and several computer disks, in addition to written materials, that combine facts with motivational examples. We have been very aggressive in distributing the GTI kits, sending them to school districts across the country, and handing them out at national conferences.

Additionally, we publish a number of other training and public information materials on work incentives. These materials are provided in multiple formats and have been designed with significant consumer input to be user-friendly.

And, we have developed an Internet website within the Social Security website which contains information about work incentive provisions, access to our publications, and information on our rehabilitation and employment programs.

Through all of these initiatives, we have and will continue to gain valuable insight and experience that we will use to ensure the success of this proposed legislation. We are encouraged by the results. We have learned that many highly skilled, outcome-focused agencies and professionals are eager to assist our diverse population to return to work. And, we have learned that individualized planning and support is essential to successful work re-entry.

#### *Demonstration Authority*

I would be remiss if I did not remind you that the demonstration authority of section 505(a) of P.L. 96-265 expired June 9, 1996. I do thank those on this Committee for their support for an extension passed by the House and we eagerly await Senate action. In order to initiate any new projects under the SSDI program for promoting return-to-work, we seek the permanent demonstration authority as is available in the title XVI program so that we can test new approaches to accomplish our goals in this area. With this renewed authority, SSA can develop a comprehensive strategy that integrates earlier intervention, and identification and provides necessary assistance in removing barriers to work for applicants and beneficiaries.

Using our SSI demonstration authority, under Section 1110, SSA plans to solicit projects which will determine the degree of interaction of State and Federal systems

and benefits, and look for ways to overcome barriers to employment. We will initiate powerful, well researched, and comprehensive demonstration projects which are designed to: strengthen and facilitate the coordination and delivery of services and benefits at the State or local level; increase income through earnings; and be cost-neutral. To this end, at each site, the State will implement a team-based, comprehensive package that coordinates vocational planning and support, employer and employee coaching, financial planning, risk management, job search, job placement and ongoing job support, transportation, training, and other necessary supports.

Just as these programs have already provided important information, we would continue to pursue other projects that bring us closer to our goal of supporting the active participation of our beneficiaries with disabilities in the workforce.

#### CONCLUSION

Mr. Chairman, I want to assure you that the Social Security Administration stands ready, willing, and able to work with lawmakers on both sides of the aisle to enact fiscally responsible legislation to help thousands of Americans with disabilities, who with appropriate services and support, can be successful in obtaining work. We want to thank you and Representative Kennelly for your efforts to assist persons with disabilities, who would otherwise remain dependent upon the disability rolls, to participate in the workforce. I want to thank you for your time and would be happy to answer any questions.

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Chairman BUNNING. Thank you, Doctor.

Let me start off by, while I recognize that our Medicare and tax provisions are, as you pointed out, beyond SSA's purview, in SSA's deliberation regarding the ticket to independence, didn't SSA discuss extending providing health care benefits for individuals who leave the rolls to return to work?

Ms. DANIELS. As we began to discuss within SSA the likely policies that support return to work, we certainly did hear from our customers that health care was an important provision. We also heard from our customers that they don't understand the current provisions that allow them to continue to receive Medicare premium-free for 3 years after they return to work and to buy in indefinitely in the future if they pay a premium. So we did take heed that the health care connection was an important one for our beneficiaries.

Chairman BUNNING. In almost every hearing that we've had over the last 3 years, from the community providers and those that are disabled and want to return, that was the number one issue with almost all of them.

One of our witnesses today, Tony Young, who is testifying on behalf of the Consortium for Citizens with Disabilities, is suggesting that we include a provision to allow individuals to buy into Medicare, as you suggested, once their income reaches \$15,000 for a premium of 10 percent of income. What is SSA's view on such a proposal?

Ms. DANIELS. Well, I can tell you that today the current law allows a beneficiary to buy in at a premium that's considered the fair actuarial value. It's a little over \$300 a month. We have not analyzed this particular provision because it's not really within our purview, but we are very supportive of our current provisions.

Chairman BUNNING. OK. My last question: Has SSA or the Health Care Financing Administration researched this issue or discussed such an approach? How would such a provision be administered and by whom?

Ms. DANIELS. I'm afraid I would have to submit an answer to that question for the record. We have not discussed implementation.

[The following was subsequently received:]

Because it is not within the purview of the Social Security Administration, SSA has not developed an analysis of Mr. Young's proposal that would allow:

- individuals earning income less than \$15,000 to receive Medicare premium-free, and
  - individuals earning \$15,000 or more to buy-in to Medicare at 10 percent of earned income above \$15,000 capped at the full Part A Medicare premium amount.
- This question should be directed to the Health Care Financing Administration.

Chairman BUNNING. OK, I have some other questions that I will submit to you in writing, and I would appreciate you responding in writing.

Ms. DANIELS. I'd be delighted.

[The following was subsequently received:]

#### **Questions and Subsequent Answers from Ms. Daniels**

1. In your testimony, you mention that in 1997, SSA paid State VR agencies about \$89 million for services provided to approximately 8,300 beneficiaries. How many of these were SSDI beneficiaries, how many were SSI beneficiaries, and how many were concurrent beneficiaries?

Out of the 8,337 vocational rehabilitation claims, 2,688 were SSDI beneficiaries, 2,914 were SSI beneficiaries, and 2,735 were concurrent beneficiaries.

2. One of our witnesses suggests that Work Incentive Specialists be supported by customized software. You mention that you have worked with Virginia Commonwealth University to develop and test a decision support package called "WorkWORLD." Do you plan to make this software available to your employees or to consumers directly? How do you see this working?

Virginia Commonwealth University (VCU) has begun development of WorkWORLD as decision support software for use with beneficiaries. The new decision support software will be in two iterations:

- Basic WorkWORLD-Personal (Basic WW-P), will permit users to determine the effect of work and earnings on benefits authorized under the Social Security Act (i.e., SSI, SSDI, Medicaid, and Medicare).
- Advanced WorkWORLD-Personal (WW-P) will contain all of the features of Basic WW-P. In addition, it will show the effect of work and earnings on food stamps, Section 8 Housing, Temporary Aid to Needy Families, and other State programs.

We will test both versions of the software in various demonstration settings.

We expect Basic WW-P to be useful for our field offices and for others who counsel beneficiaries about working and work incentives. Whether work incentive specialists are SSA employees, rehabilitation counselors, teachers or others, we will make both the Basic and Advanced WW-P software available to them so beneficiaries may be as informed as possible. We believe beneficiaries will also be able to use WW-P themselves.

Our goal is to have Basic and Advanced WW-P available to users, including beneficiaries, as a disk and/or as an interactive Internet tool. Our current work with VCU is intended to make the software very easy to use. The beneficiary will be asked to answer some simple questions, such as the types of benefits he or she is receiving, the number of people in the family, etc. WW-P will then calculate net income from all sources at varying levels of earnings and display it graphically as well as in text and tables.

3. Mr. Young also suggests a provision which protects individuals from unwarranted CDRs. Under current law, payments to a beneficiary are protected against termination or suspension if the individual is participating in a program of vocational rehabilitation approved by the Commissioner. Why perform CDRs on beneficiaries who are currently receiving Vocational Rehabilitation services?

As you noted, the current law provides that an SSI or SSDI beneficiary may continue receiving cash benefits after a determination of medical improvement if he/she is actively participating in an approved State or alternate vocational rehabilita-

tion program. This "301" provision applies if completion or continuation of the program is likely to enable the person to work permanently. Our current process for determining when and how CDRs should be performed is well known to you, and we would not envision the "Ticket" environment to significantly change that process.

We recently provided technical assistance to your staff about concerns raised by some on the need for performing CDRs for people who might be receiving return-to-work services under a future "Ticket" system. We discussed options that would encourage beneficiaries to take advantage of such services without fear that a CDR would be performed as a result of their actions. We have always envisioned that selection for issuance of a ticket would take into consideration the likelihood of early medical recovery, i.e., beneficiaries in the category would only receive a ticket upon continuation after an initial CDR. Where scheduled CDRs occur during a course of return-to-work services, we believe your bill contains language which would extend the current "301" provisions to a "Ticket" environment. Other options to explore might be the potential deferral of CDR diaries for those in active "Ticket" status.

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Chairman BUNNING. Barbara.

Mrs. KENNELLY. Thank you, Mr. Chairman.

Doctor, many smaller providers argue that they need milestone payments; that is, payments made before the individual's benefits cease in order to help finance the early costs of rehabilitation. The bill authorizes SSA to develop such payments. Have you taken a position on that?

Ms. DANIELS. As you know, our proposal did not include milestone payments. However, we believe it is possible to structure a milestone that is based on results. Mrs. Kennelly, we had proposed to pay the provider when the individual no longer received cash benefits, but we do think it is possible to structure a milestone payment, for instance, when a person starts a job or under some other scenario.

I think it's also important to recognize that any additional milestones based on services will require SSA to monitor and account for those services and ensure that they are, in fact, provided. We thought focusing on outcomes is a better option because it keeps everybody focused on what it is we're there to do—not the services, but actually get jobs.

Mrs. KENNELLY. Thank you. Doctor, nearly every witness today, when you read the testimony, both the consumers and the providers, have suggested more involvement by outside experts in the return-to-work program. Now we also include that in our bill. We call it an advisory panel to assist the Commissioner. How do you feel about that?

Ms. DANIELS. I think we're very excited to work with providers and customers. I am not a lawyer, but I think there might be some technical problems with how people are appointed, but the Office of Government Ethics can advise you on that issue. We are eager to work with providers and customers in a collaborative way.

Mrs. KENNELLY. One last question, Doctor, and maybe it's not fair because you haven't heard the testimony, but a Mr. Burns, who is testifying later, cites rehabilitation services data which says that 210,000 people entered employment as a result of public rehabilitation in 1995, and then you go on to say, your testimony says, "The State vocational rehabilitation agencies were paid for only 4,800 cases, SSI and SSDI benefits in 9 months of trial work that

you had. Can you tell me why these numbers are so different, or is that unfair right now?

Ms. DANIELS. I'm not going to be able to verify the numbers that Mr. Burns has, but let me tell you that really it's likely that Mr. Burns is using a term "employment" that's different from what's defined in the Social Security legislation as employment. When we reimburse a State vocational rehabilitation agency, we reimburse them according to our current statute. The statute permits payment only when the individual has worked at substantial gainful activity for 9 months. That's our definition of successful work, and that's when we pay for rehabilitation services.

The Rehabilitation Act of 1973, as amended, has a variety of other types of employment that are also considered legitimate closures—part-time employment, sheltered employment, home-based employment, homemaker employment—that do not meet our definition. So, basically, he's counting apples and we're counting oranges. There's some overlap between those two sets of figures, but the definition under the Rehabilitation Act is broader because the act serves a broader social service.

Mrs. KENNELLY. Thank you, Doctor. Thank you for your testimony.

Ms. DANIELS. You're welcome.

Chairman BUNNING. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

Thank you for being with us, Dr. Daniels.

What do you see as the greatest strengths and challenges to your alternate participant program and how many individuals are actually receiving services from a provider at this time?

Ms. DANIELS. I think the greatest strength of the alternate participant program is to teach us an early lesson—that there are many results-oriented providers in the community that want to work with our beneficiaries. Nearly 500 came forward when we made the solicitation, and we have finished awarding contracts to over 270 of those providers. So I think it was a great lesson to learn that there are so many people interested in working with our beneficiaries.

The program is very new. We are still signing up new providers. It's taken us awhile to implement this provision, the alternate providers, mainly because we used a method of contracting that threw us some curve balls that we didn't quite plan on. But we have gotten over those, and we are signing them up at a faster clip now than we were a few months ago. So it's too early to tell what the results will be, but considering their eagerness and their interest, I think it's going to be very, very good.

Now how many people have actually gone through the program and finished? We have just started, and an individual must work 9 months before the provider can submit a claim to us. So we're not far enough down this road to tell you how many people are going to be working. When we receive claims from the providers, we'll begin to know how many people have actually ended up in employment. But no money will be spent from the coffers until that outcome is achieved.

Mr. JOHNSON. How long have they been on a work program?

Ms. DANIELS. We've been signing—Mr. Johnson?

Mr. JOHNSON. To date?

Ms. DANIELS. We have signed up 270 providers.

Mr. JOHNSON. Yes, but you said none of them have been 9 months yet; is that true?

Ms. DANIELS. None of them have been in 9 months, no.

Mr. JOHNSON. OK, and the process, as you indicated, was complicated and cumbersome. We also heard the electronic beneficiary and identification process wasn't working real well. Do you want to comment on that?

Ms. DANIELS. Well—

Mr. JOHNSON. And can we improve it?

Ms. DANIELS. It certainly was a brandnew process to put up a bulletin board of such scope. We have a contract manager similar to that in Mr. Bunning's and Mrs. Kennelly's proposed legislation. They call it a program manager. We now have that program manager under contract. They have just taken over the bulletin board, and we feel that they will be able to manage this growing bulletin board very effectively. They have the skills and the background to do it.

Mr. JOHNSON. Thank you, ma'am.

Ms. DANIELS. You're welcome, Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

Chairman BUNNING. The gentleman from Missouri.

Mr. HULSHOF. Thank you, Mr. Chairman.

Dr. Daniels, thanks for being here. I'm happy to report that I'm cosponsoring this legislation, and I'm optimistic that we can pass this bill in the House, but I'm also of the opinion that it's going to take a great deal of effort to ensure that this legislation is addressed in the Senate. Will the administration support this legislation and help us with our colleagues in the other body?

Ms. DANIELS. Yesterday afternoon, I had a conversation with Commissioner Apfel, and he puts return to work as one of his highest priorities. I certainly can't tell you what he's going to do tomorrow. I don't want to predict another human being's behavior, but I'll tell you that he has expressed over and over to me, and to the people who are in this audience that I know, his commitment to return disability beneficiaries to work. I think he's good for his commitments.

Mr. HULSHOF. Let me ask about some of the concerns you've suggested. A couple of our witnesses, if I read their testimony correctly, suggest that the work incentives specialists who specialize in assisting individuals to understand work incentives—there's suggestion that these should not be SSA employees and should instead be private individuals. I'd like to hear your comment or reaction.

Ms. DANIELS. Well, it is true, and I want to be honest with you, that the work incentives are extraordinarily complicated, but there are many individuals in SSA and many individuals in the community—and I know a lot of them—who understand the work incentives very well. So I think that I could envision three scenarios. I can envision work incentive specialists being SSA employees. I can envision them being community support people under contract, and I can envision a combination.

I think the most important thing here is having people who know the work incentives inside and out, and who really care about administering and getting this information across. I don't think they come in only one size.

Mr. HULSHOF. One of the other somewhat corresponding issues—in your statement you raise a concern over the provision requiring SSA to develop a demonstration project to assess the effectiveness of reducing a disabled individual's benefit amount due to earnings. And I recognize that there's a real challenge there, but I know that you want flexibility to conduct relevant issues and design demonstrations through general demonstration authority, and yet haven't you had that flexibility since 1980?

Ms. DANIELS. Well, certainly we have had the flexibility to design demonstrations off and on. There is an inherent problem here in creating a demonstration that actually answers the number one question, which is: What is the induced demand of such an offset in the DI Program? How many more people would become eligible for disability insurance? I think everybody recognizes that it's better to have a ramp-off than a cliff. I think everybody recognizes that. I think the question that has always been difficult is: What will it cost? And because we have to estimate the induced demand, and can't actually describe it as a result of data, people have a lot of different opinions about what it will cost.

A demonstration that actually answers how many people would come on the rolls once you change the provisions is very hard to run because you have to change the provisions in order to find that out, and you have to make it so that people would make wise decisions, based on a fairly stable set of provisions. Doing that in a demonstration mode is very challenging.

And I want to tell you that we will work very hard to do whatever needs to be done, but it is a very challenging question to answer in a demonstration project.

Mr. HULSHOF. Let me ask you, as a final matter—thanks, Mr. Chairman—that you mentioned demonstration project and operations called Project RSVP to test the advantages and cost effectiveness of contracting out certain administrative functions. What are the specifics of the contract and what's been your experience so far with this project?

Ms. DANIELS. This is a fairly new approach. We're trying this out. We have a contractor, Birch and Davis in Rockville, Maryland, who has taken over running the bulletin board that Mr. Johnson asked about. Birch and Davis has taken over the recruitment of providers and is trying to increase the provider pool. Birch and Davis is going to be running a hotline number, an 800 number, to provide information to providers and beneficiaries alike, as well as doing some outreach, and handling and helping us process the claims when they come in. So they will be a full-service center to help us keep the machinery of these alternate providers running. From the legislative language that I've read from Mr. Bunning and Ms. Kennelly's bill and yours as well, it appears that you envision such a contractor or contractors being involved. What we're doing now is testing that idea, seeing how it works, and working out the bugs.

Mr. HULSHOF. Thanks, Dr. Daniels. Thank you, Mr. Chairman.

Chairman BUNNING. Thank you for testimony, and we will submit some written questions for you. We appreciate your being here. Thank you.

Ms. DANIELS. It's a pleasure to be here, Mr. Bunning.

Chairman BUNNING. Testifying on the second panel today are Tony Young, public policy associate, United Cerebral Palsy Associations, Inc., and cochair, Consortium for Citizens with Disabilities Task Force on Social Security Subcommittee on Work Incentives; Earl Keller, Social Security disability beneficiary, on behalf of the National Alliance for the Mentally Ill; Quincy Abbot, president, The Arc of the United States; Susan Webb, executive director, Arizona Bridge to Independent Living.

Mr. Young, if you would begin, please.

**STATEMENT OF TONY YOUNG, PUBLIC POLICY ASSOCIATE, UNITED CEREBRAL PALSY ASSOCIATIONS, INC.; AND CO-CHAIR, CONSORTIUM FOR CITIZENS WITH DISABILITIES TASK FORCE ON SOCIAL SECURITY, SUBCOMMITTEE ON WORK INCENTIVES**

Mr. YOUNG. Thank you, Mr. Chairman. Good afternoon. I am Tony Young, public policy associate with United Cerebral Palsy, and a former SSDI beneficiary.

Chairman BUNNING. Can you move your mike just a little closer, please, so we can make sure it gets recorded? That's it. There, that will really help.

Mr. YOUNG. Maybe if I lean forward some, too. These wheelchairs are wonderful things, but they're also very bulky.

Today I appear before you representing the Consortium for Citizens with Disabilities Subcommittee on Work Incentives. CCD is a coalition of almost 100 national disability organizations working together to advocate for national public policy that ensures self-determination, independence, empowerment, integration, and inclusion of children and adults with disabilities into all aspects of society.

CCD congratulates Chairman Bunning and Ranking Member Kennelly, along with their staffs and the full membership of the Subcommittee on Social Security, for their success in crafting the Ticket to Work and Self-Sufficiency Act of 1998. H.R. 3433 implements needed changes in Social Security Administration disability programs right now, and sets the stage for important future improvements that will enable SSDI and SSI beneficiaries to work to the greatest extent of their abilities.

It is important for SSA disability programs to begin the process of evolving from their original purpose solely as early retirement programs for injured workers. They must start moving toward including a new purpose of supporting individuals with disabilities in the work force. In this way, they are transformed from a safety net into a trampoline—not only catching people with disabilities as they fall out of work, but also giving them a boost back into work when they are ready.

This benefits individuals by enabling them to remain in the work force as wage earners. It benefits employers by adding skilled workers to the labor pool. It benefits employment service providers by enabling them to serve many more participants. And it benefits

taxpayers by assisting workers with disabilities to begin or continue to pay taxes.

This bill does not immediately solve all of the barriers to employment facing individuals on SSDI or SSI. No single piece of legislation could. It does, however, meet three criteria that are critically important as we undertake the transformation of SSA's disability programs.

First, it does no harm. No one receiving SSDI or SSI will be jeopardized by the passage of this bill.

Second, it moves us forward now. It extends health coverage under Medicare for an additional 2 years after employment. It provides a tax credit for the extraordinary expenses of working with a disability. It establishes a corps of work incentive specialists. It expands the choice of employment-service providers to any public or private entity, and it requires an advisory panel of beneficiaries, service providers, and employers be created to advise SSA on these initiatives.

Third, it begins the research and development necessary to achieve the ultimate goal of reshaping SSA's disability programs. H.R. 3433 authorizes SSA to conduct employment demonstrations, especially the critically important trial of a sliding-scale reduction in SSDI benefits.

We acknowledge that this one bill cannot solve all the barriers to work for SSI and DI beneficiaries. CCD is striving to form a strategic partnership with the Subcommittee on Social Security and other relevant House Subcommittees, the Senate Committee on Finance, and SSA, and other agencies to further the progress we have made together to transform the disability programs.

The Congress and the administration have a historic opportunity to meet the converging needs of SSDI and SSI beneficiaries, service providers, employers, and taxpayers. The Nation is watching our progress. CCD is ready to assist you to achieve this important goal.

Thank you, Mr. Chairman. I'd be happy to answer any questions you might have.

[The prepared statement follows:]

**Statement of Tony Young, Public Policy Associate, United Cerebral Palsy Associations, Inc.; and Cochair, Consortium for Citizens with Disabilities Task Force on Social Security, Subcommittee on Work Incentives**

*These Signatory Organizations Support This Statement in Principle:*

Based upon a preliminary examination of HR 3433, these organizations are signatory to this statement. Additional organizations may choose to sign on prior to the closing of the record for the hearing on March 31, 1998.

Goodwill Industries International;	NISH;
Inter-National Association of Business, Industry, and Labor;	Paralyzed Veterans of America;
National Alliance for the Mentally Ill;	The Arc of the United States;
National Association of Developmental Disabilities Councils;	United Cerebral Palsy Associations, Inc.

Thank you, Mr. Chairman and distinguished Members of the Subcommittee, for this opportunity to testify on the Ticket to Work and Self-Sufficiency Act of 1998. I am Tony Young, a Public Policy Associate with the United Cerebral Palsy Associations, Inc., and a former SSDI beneficiary. Today I appear before you representing the Consortium for Citizens with Disabilities Subcommittee on Work Incentives. The Subcommittee on Work Incentives consists of expert members in Social Security and Employment issues. CCD is a coalition of almost 100 national disability organizations working together to advocate for national public policy that ensures the self-

determination, independence, empowerment, integration and inclusion of children and adults with disabilities into all aspects of society.

CCD congratulates Chairman Bunning and Ranking Member Kennelly, and the full membership of the Subcommittee on Social Security, for their success in crafting the Ticket to Work and Self-Sufficiency Act of 1998. This bill sets the stage for important improvements in Social Security Administration (SSA) disability programs that will enable SSDI and SSI beneficiaries to work to the greatest extent of their abilities.

It is important for SSA disability programs to begin the process of evolving from their original purpose as early retirement programs for injured workers. They must start moving toward including a new purpose of supporting individuals with disabilities in the workforce. In this way, they are transformed from a safety net into a trampoline; not only catching people with disabilities as they fall out of work, but also giving them a boost back into work when they are ready. This benefits individuals by enabling them to remain in the workforce as wage earners; it benefits employers by adding skilled workers to the labor pool; it benefits employment service providers by enabling them to serve many more participants; and it benefits taxpayers by assisting workers with disabilities to begin or continue to pay taxes.

This bill does not immediately solve all of the barriers to employment facing individuals on SSDI or SSI. No single piece of legislation could transform this complex program. It does, however, meet three criteria that are critically important as we undertake the transformation of SSA's disability programs.

- First, it does no harm. No one receiving cash assistance under SSDI or SSI will be jeopardized by the passage of this bill.

- Second, it moves us forward now. It extends health coverage under Medicare for an additional two years after employment begins; it provides a tax credit for the extraordinary expenses of working with a disability, and it expands the choice of employment service providers to any public or private entity.

- Third, it helps to place us on a path to achieve the ultimate goal of reshaping SSA's disability programs to meet the needs of SSDI and SSI beneficiaries in the 21st century. It authorizes SSA to conduct employment demonstrations, especially the critically important demonstration of a sliding scale reduction in SSDI benefits.

In my testimony of June, 1997, I discussed reports that demonstrate that there are five principal barriers to the employment of individuals with significant disabilities who are SSDI beneficiaries and SSI recipients (SSDI/SSI beneficiaries). These barriers are:

1. The loss of health benefits;
2. The complexities of current work incentives;
3. Financial penalties of working;
4. Lack of choice in employment services and providers; and,
5. Inadequate work opportunities.

I also discussed the legislative steps necessary to solve these problems. These solutions are:

1. Extend Health Benefits;
2. Streamline Work Incentives;
3. Make Work Pay;
4. Enhance Consumer Choice of Services and Providers; and,
5. Help Employers to Employ Individuals with Significant Disabilities.

CCD has reviewed the Ticket to Work and Self-Sufficiency Act of 1998 (TTW&SSA98) in light of the testimony it presented on these barriers and solutions. After a preliminary review and analysis, the TTW&SSA98 receives a highly favorable grade. Also as a result of this analysis, there are a few specific recommendations for improvements made below. Due to the brief period of time CCD has had to review this legislation, we will offer a more in-depth analysis prior to the closing of the record of the hearing on March 31, 1998.

#### BARRIERS AND SOLUTIONS

##### EMPLOYMENT BARRIER 1: HEALTH BENEFITS.

Access to private health insurance is increasingly cited as the key obstacle to employment, particularly in light of the increase in part-time work, which rarely brings access to health insurance. With underwriting practices and limits on benefits acting as critical disincentives, many people with disabilities must seek Social Security benefits in order to gain access to public health insurance.

*Recommended Solution 1: Extend Health Benefits.*

Health coverage should be maintained for SSDI/SSI beneficiaries going to work in three ways: 1) Continue Medicare free until \$15,000 of earned income, then with a buy-in at 10% of earned income capped at the full Part A Medicare premium amount; 2) Establish a Medicare-only buy-in similar to number one above for individuals with disabilities who would be DI eligible except for earning above SGA, capped at the full Part A Medicare premium amount; and, 3) Create an optional state Medicaid buy-in for working SSDI/SSI beneficiaries.

*TTW&SSA98 Solution:*

Extend premium free Medicare for Two Additional Years (total six years premium free Medicare coverage before buy-in at full Part A premium).

*CCD Analysis.*

This is a good beginning. However, because it does not institute a sliding scale for premiums it only postpones the onset of the expensive Medicare premium for two years. It also does not allow a buy-in to Medicaid for critical services—personal assistance and prescription medications—that are vital to supporting people with disabilities who work, but that are not covered by Medicare.

*CCD Recommendation.*

The bill should adopt the sliding scale Medicare program and the State Medicaid “Work Incentive Services Waiver” proposed by the Work Incentives Improvement Act of 1998 soon to be introduced in the Senate. If this is not possible, the Congress must use the six years of premium free Medicare given to disabled workers and should require HHS and HCFA to conduct extensive research and demonstration during next six years to determine how to continue to support disabled workers after their premium free Medicare coverage ends.

## EMPLOYMENT BARRIER 2: COMPLEXITY OF WORK INCENTIVES.

The SSDI and SSI programs both have work incentives that are designed to assist beneficiaries and recipients to leave the rolls by going to work. These work incentives have the potential to be effective but they are complex and incomplete and therefore are underutilized. In addition, they are not coordinated for people who receive both SSDI and SSI. Despite intense efforts by SSA and advocacy groups to publicize and educate SSDI/SSI beneficiaries about these benefits, they are used by only a small fraction of those eligible. They also are very expensive to administer and too often result in benefit overpayments that must be returned by the payees.

*Recommended Solution 2: Streamline Work Incentives.*

The work incentives must be simplified so that SSDI/SSI beneficiaries can understand and utilize them, and so there is a decrease in the expense of their administration. The goal should be to modify them into easily understood and usable work facilitators that encourage the transition from sole reliance on public benefits to economic security primarily through employment.

*TTW&SSA98 Solution:* Establish Work Incentives Specialists.

The Commissioner will establish a corps of trained, accessible, and responsive work incentive specialists to specialize in SSDI and SSI disability work incentives to disseminate accurate information to disabled recipients.

*CCD Analysis.*

The effective use of SSA work incentives is dependent upon 1) the availability of knowledgeable, responsible staff inside SSA that can make timely, accurate decisions regarding any application to use work incentives; and, 2) the availability of knowledgeable, responsible consultants outside SSA that can offer timely, accurate information and analysis regarding any application of work incentives. There are countless horror stories citing massive overpayments, disrupted lives, and dashed hopes resulting from the current haphazard approach SSA uses to implement the work incentives.

*CCD Recommendation.*

There are three actions required to solve this problem. The bill should mandate that a sufficient number of SSA employees be knowledgeable of and responsible for handling work incentives. The bill should also clearly state that the external consultants must be work incentive specialists who are employees of private, not-for-profit agencies or public agencies other than SSA. The bill should also direct SSA

to contract with an appropriate vendor to develop decision support software that will analyze individual situations and provide information on the impact work would have on net income for that individual.

#### EMPLOYMENT BARRIER 3: FINANCIAL PENALTIES.

Enabling individuals who have been unable to afford to enter or re-enter the workforce due to the economic disincentives inherent in the current system requires the redesign of the program. This should be done in a way that facilitates former SSDI/SSI beneficiaries to earn an income that enables them to survive. The current SSDI structure punishes rather than rewards people with disabilities who attempt to leave entitlement programs to work. The SSDI system eliminates eligibility for both cash assistance and in-kind support (e.g., health care) before the individual can earn a living wage. While the SSI program has Sec. 1619, SSDI has no similar work incentives. This sudden loss of support is known as the "income cliff" and represents a significant disincentive to work.

##### *Recommended Solution 3: Make Work Pay.*

A combination of several financial mechanisms were recommended, including declining cash assistance similar to the SSI Sec. 1619 program, disability expense related tax credits, and tax deductions will enable individuals with significant disabilities to work. We also recommended a change in the asset limitations for SSI recipients who work to facilitate savings and investment. This recognizes that some individuals with the most significant disabilities will need ongoing support due to their limited earning capacities.

*TTW&SSA98 Solution:* Disabled Worker Tax Credit and Demonstration Projects Providing for Reductions in Disability Insurance Benefits Based on Earnings.

- A tax credit in an amount equal to 50 percent of impairment-related work expenses up to \$10,000 will be provided to disabled workers.
- Demonstration projects for the purpose of evaluating a program for SSDI recipients under which each \$1 of benefits payable is reduced for each \$2 of such recipient's earnings that is above a level to be determined by the Commissioner.

##### *CCD Analysis.*

The tax credit for impairment-related work expenses is available to a wide range of workers with disabilities for expenses incurred on the job. The demonstration is required to be conducted and must be of sufficient scope, duration, and scale to permit a thorough evaluation of the project to determine the: (1) effects, if any, of induced entry, (2) extent to which the project is affected by the administration of the Ticket to Work and Self-Sufficiency Program, and (3) savings that accrue to the Trust Funds.

##### *CCD Recommendation.*

The tax credit should be targeted to those workers with disabilities who are leaving SSDI or SSI, or reducing their reliance on SSI, and should include items connected with "preparation for, and traveling to and from work, including the cost of a vehicle, orientation and mobility services and Durable Medical Equipment.

#### EMPLOYMENT BARRIER 4: CONSUMER CHOICE OF SERVICES AND PROVIDERS.

People with disabilities who are SSDI beneficiaries or SSI recipients have no choice in the providers of their services. Consumers are assigned to a service provider, which by law must be a state vocational rehabilitation agency, usually by type of disability rather than type of services required. Consumers who determine that they are not receiving appropriate or high quality services generally have no recourse other than to purchase services themselves from private vendors. Given the cost of private services and the state of most consumer's finances, this is an option very few can afford.

##### *Recommended Solution 4: Enhance Consumer Choice of Services and Providers.*

- CCD recommended consumer choice be implemented through several components:
- I. Consumers must be able to choose from among the many thousands of public and private rehabilitation, employment service, and related providers in the nation.
  - II. The payment system should encourage work by all SSDI/SSI beneficiaries, regardless of their ultimate work capacity. Payment should be made through a milestone approach.

III. A Commission with equal representation from consumers and their self-selected representatives, providers, and employers be appointed and charged with responsibility to assist SSA in this endeavor.

IV. Advocacy services specifically designated to assist SSA's beneficiaries to resolve disputes with providers should be made available.

V. Management of the new program should be contracted to a private sector firm on a competitive bid similar to the arrangement in the current Alternate Participant program.

*TTW&SSA98 Solution:*

Consumer choice is offered to SSDI and SSI beneficiaries through:

I. The Ticket to Work and Self-Sufficiency offered through Individual Employment Plans and Employment Networks

II. Outcome Based and Milestone/Outcome Based Employment Network Payment Systems

III. Ticket to Work and Self-Sufficiency Advisory Panel

IV. A method for resolving disputes between: recipients and employment networks, and program managers and employment networks.

V. Program Managers.

*CCD Analysis.*

The Ticket to Work program appears to meet the majority of the criteria specified in CCD's testimony. The outcome based and the milestone/outcome payment strategies both pay providers 40% of the average disability benefit for each month that a recipient does not receive a benefit payment due to work activity. Using the average monthly disability benefit, rather than the individual monthly benefit will assist beneficiaries with lesser work histories to obtain services by increasing the potential payment available to them.

*CCD Recommendation.*

Modify that payment system for individuals on SSI to allow providers to receive milestone/outcome payments based upon a reduction in benefit payment in addition to when a beneficiary does not receive a benefit payment due to work activity. This would encourage providers to work with many individuals who can work, but who are unlikely to ever have the capacity to earn enough from wages alone to become self-sufficient. Congress should also adopt a provision from the proposed Senate bill that protects beneficiaries from unwarranted Continuing Disability Reviews (CDRs) during the work attempt. These include: work activities will not trigger a CDR; work activities cannot be used as evidence that a disability has ceased; termination of work activities does not presume an inability to work.

EMPLOYMENT BARRIER 5: INADEQUATE WORK OPPORTUNITIES.

Individuals with significant disabilities face competition from many directions in their efforts to work. Individuals who are leaving welfare, those who are graduating from schools and colleges, and those who are dislocated due to corporate down-sizing and economic restructuring all are competing for a limited pool of jobs.

*Recommended Solution 5: Help Employers to Employ Individuals with Significant Disabilities.*

The Committee should study the impact of an expansion of the Work Opportunity Tax Credit to employers for hiring and retaining former SSDI/SSI beneficiaries. It should also study other ADA and disability related employment incentives already available to employers.

*TTW&SSA98 Solution:* No provision for employer incentives.

*CCD Analysis.*

Given the lack of consensus on the efficacy of employer incentives for hiring and promoting workers with disabilities CCD understands the hesitancy of the Congress to direct scarce resources into this area.

*CCD Recommendation.*

Congress should ask the General Accounting Office to study the impact of an expansion of the Work Opportunity Tax Credit to employers for hiring and retaining former SSDI/SSI beneficiaries. It should also study other ADA and disability related employment incentives already available to employers.

Chairman BUNNING. Thank you very much, Mr. Young.  
Mr. Keller.

**STATEMENT OF EARL KELLER, SOCIAL SECURITY DISABILITY  
BENEFICIARY, ON BEHALF OF THE NATIONAL ALLIANCE  
FOR THE MENTALLY ILL**

Mr. KELLER. Yes, thank you, Chairman Bunning and Representative Kennelly, and the Subcommittee, for holding this hearing. My name is Earl Craig Keller. My age is 37. I live in Rockville, Maryland. I first became mentally ill in 1982. I was diagnosed and then rediagnosed in 1988 as having a schizoaffective disorder. I graduated from college. I went back to college and finished my degree in political science with a minor in psychology, a B.A.

Schizoaffective disorder is basically a lot of paranoia delusions, hallucinations, and some depression. So it's hard to work, obviously.

I started receiving SSI and SSDI in 1987, and I received Medicare in 1989. Ever since then, I've been stuck in the system. What I mean by that is I can't earn over \$500 a month. Let me explain why.

My medication costs \$1 a pill. I take three pills a day. That's 90 pills a month. My psychiatrist costs \$60 for 15 minutes to prescribe the medication. My therapy costs \$100 for 50 minutes once a week, and I see my therapist once a week.

Currently, my Medicare and my Medicaid cover all the costs of that. Medicare and the Medicaid cover the cost of the therapy, and my Medicaid covers the cost of prescription drugs. It only costs me \$1 per prescription.

Many mentally ill people take more medication, more pills than just one, however, and within those pills they take more than one tablet. So you can see the cost is enormous. Newer medications like Clozarol and also Zyprexa can be \$2 and up per pill. This does not take into account housing, food, and socialization.

Concerning jobs, I've had over 25 jobs. I've had an intermittent work history because I've been mentally ill. I've been hospitalized 40 times over the last several years. I have a work history that has been typically minimum-wage jobs, although recently I received an \$8-an-hour job in Rockville, but I can't work over 15 hours a week due to the fact that I'd be making \$480, and I'm coming very close to that \$500 limit. I'm able to work; I want to work, and I will work. The point is I can't work right now because the Social Security Administration and the current \$500 limit punishes me for working.

Vocational rehabilitation, concerning vocational rehabilitation, I was at vocational rehabilitation three times. The first time they tested me and told me that the testing—they couldn't do anything for me. The case manager suggested I look through the Montgomery Journal together with him and possibly get a job. So I had zero options. It didn't happen. I didn't get a job. I didn't get training.

The second time I was with VR I got less. I didn't get the testing. I didn't get anybody saying, Go through the paper. I got absolutely nothing.

The third time I was with VR they said absolutely nothing and they did absolutely nothing.

One of the programs I'm involved in is Threshold Services in Rockville, Maryland. It's an excellent program. It's a model program of psychosocial rehabilitation residential program. I'm not in the residential part of it, but it's a very good program. It's a model program for possibly in the future to be a provider such as the bill suggests for employment. It's a model program, and Kim Smith is the leader of the program there, as well as other staffmembers, and they do an excellent job. They treat people with mental illness as people, as human beings, rather than just as objects, like some of the programs I've been in in the past.

This bill would give me the opportunity to work more hours and live a productive life. One aspect that needs to be added to this bill is insurance to pay for prescriptions. The bill would give me and others like me the opportunity to avoid VR and go to a provider that will actually help me to get a job, and will continue with me for 5 years. This is a very good bill, and I support this bill.

Thank you, Chairman Bunning, Representative Kennelly, and the Members of the Subcommittee for allowing me to speak. Do you have any questions?

[The prepared statement follows:]

**Statement of Earl Keller on Behalf of the National Alliance for the Mentally III**

Mr. Chairman, Representative Kennelly, my name is Earl Keller. I am 37 years old and live in Rockville, Maryland. I am pleased to have this opportunity to offer my views on H.R. 3433, the Ticket to Work and Self Sufficiency Act of 1998. As an SSDI beneficiary myself, I am excited at the potential this important piece of legislation offers in shifting the focus of the current SSDI program and related employment systems away from an inflexible "one size fits all" model, to a flexible consumer-driven system that places beneficiaries in control of their own future.

**MY EXPERIENCE WITH SSDI AND VOCATIONAL REHABILITATION**

I was first diagnosed with schizo-affective disorder in 1988. Schizo-affective disorder is a serious brain disorder that, while treatable, is very disabling. Like many people with this rare brain disorder, I was originally erroneously diagnosed with paranoid schizophrenia. This occurred in 1982. In addition, I have also been treated for depression.

The illness I have has much in common with other severe mental illnesses. The symptoms of schizo-affective disorder—including delusions and hallucinations—are very disabling. Like other severe mental illnesses schizo-affective disorder is, by its very nature, intermittent and episodic. Medical science has proven that schizo-affective disorder is a brain disorder. It is a severe mental illness that is a disease of the brain. It is not a result of a deficiency in character, nor is it linked to bad parenting or other social factors.

More importantly, as advances in biomedical research have occurred, we know that treatment works. Medications, for the most part, are effective in controlling the symptoms that are part of the disease in a way that allows me function at a high level. At the same time, schizo-affective disorder does not follow a constant path. As a result, I can at times be high functioning. However, at other times, I can experience a break that can leave me unable to work, and in some instances, has required hospitalization—in my case, 40 separate times since the early 1980s.

Despite the extreme disabling nature of schizo-affective disorder and other severe mental illnesses, I can and want to work. My own personal experience proves that work is possible. Since 1983, I have had 25 different jobs, nearly all of which I have found on my own. In addition, I have also earned a bachelors degree in political science, with a minor in psychology, in 1985. Despite this education and employment experience, I still struggle to stay in the workforce.

My efforts are certainly complicated by my illness. However, I also believe that my struggle is also made difficult as a result of well intentioned government pro-

grams that are both hostile to work, and unresponsive to people's real needs. While a social safety net is certainly needed for people with severe disabilities, this safety net should not unnecessarily trap people in poverty by blocking part-time or intermittent work. As my employment history demonstrates, people with severe mental illnesses can find work on their own. However, my experience also demonstrates that, in the absence of ongoing supports and services, staying in a job is very difficult—especially in cases where there has been a clinical change in the course of treatment.

Mr. Chairman, millions of people like me who live with a serious brain disorder are able to work and be productive, taxpaying members of our communities. With access to effective treatment through health care coverage, people with severe mental illnesses who are on the SSI and SSDI rolls can move toward greater independence.

Unfortunately, the current structure of the system, including both the pervasive work disincentives in the SSDI program, and the unresponsive nature of the state-federal vocational rehabilitation program, make work a frequently unachievable goal. Put simply, the current system is hostile toward work for people who can and want to work, but whose disability prevents them from moving rapidly and permanently to full employment. More importantly, the system has the perverse effect of trapping people in poverty. Allow me to explain.

#### THE EXISTING SSDI WORK DISINCENTIVES

Mr. Chairman, as you know, SSDI functions as an "all or nothing" program. Once someone is able to prove that they are too disabled to work, and they begin receiving cash assistance, the program provides virtually no incentive to leave the rolls. In fact, just the opposite is true. It provides very severe penalties for beneficiaries who seek to move into the workforce through limited or part-time employment. Once an SSDI beneficiary begins earning more than \$500 per month, they "fall off a cliff" that can compromise both access cash assistance and medical coverage under Medicare.

In my case, this \$500 limit has a profound impact on my ability to work. I am now starting a new job as a telephone interviewer. The job pays \$8 an hour—well above many of the minimum wage jobs I have had over the past decade or so. However, because of the \$500 SGA limit in the SSDI program, I will be limited to 15 hours a week in order to avoid losing eligibility for cash benefits, and more importantly, the health care coverage that I must have in order to access treatment for my illness. I believe that in the proper work environment and with the right mix of supports and services, I could work more hours, perhaps as many as 30 hours per week. Unfortunately, anything above 15 hours is a massive step backwards for me, risking both essential cash benefits and critical medical coverage.

Mr. Chairman, I am not arguing for a system that would pay cash benefits or extend Medicare coverage indefinitely. Such a system would not serve the interests of taxpayers and would fail to incentivize work and independence. At the same time, the status quo is indefensible. SSDI needs to be changed in order to allow beneficiaries a "glide path" rather than an abrupt "cliff" off of cash benefits. The proposed "2 for 1 offset" demonstration contained in H.R. 3433 would help achieve this end. If done correctly, this demonstration program should prove what many people with disabilities and their families already know, that extending and gradually phasing out cash assistance in SSDI is a good deal for taxpayers and an equitable way to help people move toward work.

#### VOCATIONAL REHABILITATION IS FAILING PEOPLE WITH SEVERE MENTAL ILLNESSES

Even in cases where government programs seek to help people either return to work or develop skills to enter the workforce for the first time, they fail to account for the unique needs of people with serious brain disorders. The most glaring example of this is the state-federal vocational rehabilitation (VR) system. In my case, the three separate attempts of the VR system to serve me have met with failure.

This is not a reflection of any lack attention on the part of VR staff. Rather, it is a result of the basic structure of VR being inconsistent with the employment and training needs of people with severe mental illnesses. VR is directed almost exclusively toward a single goal—case closure. For VR, the process ends once a client is placed in a job for the required time period and a file can be marked closed. This inflexible goal fails to take into account the fact that illnesses such as mine are episodic and intermittent. Moreover, for many people with disabilities, this "closure" is only the beginning of the process. Ongoing supports and services are oftentimes critical to one's ability to stay in a job over the long-term.

The current VR system spends too much time testing and assessing clients prior to employment, instead of actually placing people in jobs and providing ongoing supports and services that will help them stay employed, get off the rolls, and (eventually) reach full independence. People with illnesses such as schizo-affective disorder typically need assistance that is both flexible and ongoing to help them live with their disability in a way that will promote, rather than inhibit work.

#### HOW H.R. 3433 WILL MAKE A DIFFERENCE IN PEOPLE'S LIVES

At the outset, I would like to make clear that this legislation is not perfect. It does not fix every problem in the current SSI and SSDI programs and it does not propose a comprehensive solution to the massive shortcomings of the VR system. No single legislative proposal could satisfy all of these goals in a cost effective way. However, enactment of H.R. 3433 will begin the process of making the SSDI program more equitable for beneficiaries who can and want to work. Passage of this bill would also open up the system of rehabilitation, employment, training and skills development and place people with disabilities in control of their future.

By giving individuals a return to work ticket and placing them in control of their own return to work plan, you will be putting consumers in the driver's seat for the first time. Providers will be forced to compete for business on the basis of how well they meet the individual needs of consumers. State VR agencies will no longer be in control of the resources that are directed towards helping people with disabilities achieve work and independence. Extended Medicare coverage (beyond the current 39 month period) will help ensure that persons who move toward full-time work will have the health security that is essential to their staying in the workforce.

Perhaps the best way to demonstrate how this bill is a vast improvement over current law is to look at my own personal circumstances.

##### *1. Consumer Empowerment Through a Ticket System*

First, with a ticket to work, individuals such as myself would be able to skip the entire testing and assessment process within VR. By receiving a ticket directly, I would be able to go directly to a provider that is part of an employment network. This provider would be selected by me, on the basis of their relative experience serving people with severe mental illnesses and their record in placing, and more importantly keeping, people in jobs in the local market. No longer would consumers be forced to accept VR as the only game in town. You should strongly resist any effort to remove from the bill the provisions repealing a) priority referral by Social Security to state VR agencies and b) benefit deductions for persons refusing to accept VR services. If this system had been in place for me, I would have been able to avoid three unproductive and unpleasant encounters with the VR system. Moreover, I would have been able to go directly to a program such as Threshold Services, Inc., the non-profit group in Rockville that is providing me with the support I need to work.

##### *2. The Employment Network Payment System*

With regard to the payment of providers in the new employment networks, the bill offers great potential for extending services beyond the current 9 month limit that exists in the VR system. Relying on milestones and outcomes as the basis for payment of providers and extending payments for as long as 60 months, you will be able ensure that providers will not abandon consumers after only a few short months in a job.

As I noted earlier, severe mental illness poses a unique challenge with respect to episodic and intermittent needs of consumers. Basing payment on milestones and outcomes that are linked to savings to the trust funds will, for the first time, give a provider a reason to follow up with me to make sure that I have the supports and services that I need, that treatment for my illness is progressing, that my housing situation is stable, that my transportation needs are being met, etc. In structuring the payment system, I would urge that there not be payment for an pre-employment milestones. This is necessary in order to ensure that a new set of providers does not enter the market to write employment plans, accept payment from SSA and then quickly abandon consumers.

Likewise, protections should be added to ensure that providers are not able to engage in any form of "cherry picking," risk selection, or "creaming" of consumers who may appear (at first glance) more likely to be employed over a sustained period of time. This is especially the case with severe mental illness where the episodic nature of the illness makes any accurate prediction of future prospects difficult.

### 3. *Work Incentive Specialists*

In my experience, one of the biggest frustration that consumers face with SSI and SSDI is the Social Security bureaucracy. When trying to get straight answers about your own benefits and possible opportunities for work incentives, consumers often find that SSA field offices and headquarters staff give conflicting and confusing answers. No doubt, this flows from the complexity of the programs, especially in the case of PASS and 1619(a) and (b) for SSI beneficiaries. However, this complexity does not excuse wrong or misleading answers to basic questions and the (sometimes) complete lack of effective counseling about what the real options are. Putting work incentive specialists in SSA field offices will go a long way toward helping consumers cope with this new program. More importantly, these work incentive specialists should not be employees of SSA in order to ensure that the advice they give consumers is independent and free of the biases that we often see in SSA field staff.

### 4. *The "2 for 1" Demonstration*

As I stated earlier, a "2 for 1" initiative would allow me to increase my hours to as much as 30 hours a week in my new job without having to go off the SSDI rolls altogether and, in turn, lose access to Medicare. As a demonstration program it is being put in place to test whether or not it would drain resources from the trust funds and create an inducement for people to enter the program who would not otherwise do so. In structuring such a demonstration, I would urge that Congress not limit the scope of this examination to the impact on the trust funds alone (although I believe that a properly designed program will render substantial trust fund savings). Instead Congress and SSA should design a program that looks at both the trust funds, the overall federal Treasury and the economy to examine the added benefit of more people with disabilities working. Some of these potential benefits to taxpayers include payment of income taxes, payment of state and local taxes, and a decline in subsidies for housing and other government services.

### 5. *Extended Medicare*

As noted above, access to health benefits is a critical prerequisite for a person with a disability who wants to enter the workforce. If a person with a disability is uninsured, they are highly unlikely to be able to get the health-related services they need to stay working. While I strongly support this provision in the bill, I also believe that it can be improved by adding coverage for outpatient prescription drugs for SSDI recipients with severe mental illnesses who elect to return to work. Currently, I receive coverage for my medications through Maryland medical assistance. However, my eligibility for this program would be compromised once my income rises. Some way must be found for SSDI beneficiaries moving to work to get coverage for medications (which in the case of the severe mental illness is the principal means of treatment).

### 6. *Disabled Worker Tax Credit*

Providing a tax credit directly to people with disabilities who move toward work is a great idea. Any such incentive in the tax code should go directly to consumers. Under the bill, this credit is limited to 50% of \$10,000 in impairment related expenses. I would urge that you consider expanding this proposal to cover the costs of "job coaches" and forms of supports as impairment related expenses. Like personal attendant services and transportation, job coaches and other targeted supports help people with severe mental illnesses stay in the workforce once they have a job.

Mr. Chairman, thank you this opportunity to share my views on this important policy initiative for people with severe mental illnesses and their families.

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Chairman BUNNING. Thank you, Mr. Keller. We'll ask questions after everybody is finished.

Mr. KELLER. Thank you.

Chairman BUNNING. Mr. Abbot.

**STATEMENT OF QUINCY ABBOT, PRESIDENT, THE ARC OF THE UNITED STATES, WEST HARTFORD, CONNECTICUT**

Mr. ABBOT. Thank you, Mr. Chairman and Members of the Subcommittee, for this opportunity to testify on eliminating the barriers to employment for Social Security disability beneficiaries through H.R. 3433.

We appreciate the leadership of Chairman Bunning and Representative Kennelly in taking a serious and long-overdue look at the work incentive and barrier issues in the Social Security disability programs. As you know, The Arc of the United States has joined in support of your efforts for passage of H.R. 3433, along with the Consortium for Citizens with Disabilities Social Security Task Force and other disability advocates across the country.

I am testifying in my capacity as president of The Arc of the United States and also as a parent. My daughter, Becky, is 34 years old, has mental retardation, and is currently competitively employed at CIGNA corporate offices in Bloomfield, Connecticut. She operates a photocopy machine, earns about \$15,000 a year, and receives health coverage through CIGNA. She does not currently receive SSI, SSDI, or Medicare. She did receive SSI for a few years while training for her job and currently receives some residential supports through a Medicaid waiver. She also has section 8 housing support.

Let me emphasize that Becky's situation is not typical for people who have mental retardation severe enough to qualify them for the SSI or SSDI Programs. As I note in my testimony for the record, much of her success in becoming more independent of benefits is due to favorable circumstances which fell into place for her.

She does continue to need the residential supports available to her through the Medicaid waiver and section 8 housing support. Even now, if circumstances changed and she were unable to work, she would need to rely again on SSI and would also probably qualify for title II disability benefits, based on her status as my disabled adult child, and also from her own work history.

On behalf of the 7 million Americans with mental retardation, I want to thank Chairman Bunning and Representative Kennelly for your bipartisan efforts to address all the issues raised to you in this Subcommittee's hearing last summer. We know there's still much work to be done, and we pledge to work with you to help bring H.R. 3433 to enactment in the 105th Congress.

The Arc's position statement on self-determination for people with mental retardation states that people must control their own lives, control their own destinies. "Tickets to Work" will give them such control over getting a job and getting a work opportunity.

Specifically, we commend you for including the following in the bill:

- "Tickets to Work" to create for consumers a new choice in providers of rehabilitation and other employment support services.
- Establishment of an advisory panel to advise the Commissioner of SSA in implementing and refining the program and designing the research and demonstration projects.
- Establishment of a corps of trained, accessible, and responsive work incentive specialists to assist beneficiaries with disabilities.

- Requirement for demonstration projects to test the gradual decline in cash benefits as earnings increase.
- Extension of the timeframe in which beneficiaries can continue to receive Medicare coverage when they return to work.
- Creation of a disabled worker tax credit, which will allow a worker with disabilities a credit of 50 percent of impairment-related work expenses up to \$10,000.

As you know from our testimony last summer, and through your staff's work with us, The Arc believes it's imperative that the gradual reduction in cash benefits as earnings increase—otherwise known as the 2-for-1 proposal—be added to the title II disability programs in a way similar to work incentives in SSI. We believe this is critical for people, including those with mental retardation, who tend to be low-wage-earners or who will be able to work only intermittently.

We recognize the efforts of Chairman Bunning and Representative Kennelly in attempting to incorporate this approach in the work incentives bill. We commend you for requiring SSA to test the 2-for-1 proposal in your demonstration projects.

The Arc appreciates your dedicated work and the work of your staffs in crafting this bipartisan bill. Our goal is to make work incentives really work, to make them as sensitive as possible to the different needs of people with different strengths and limitations, and to have them incorporate the need to potentially support some people over a lifetime.

We look forward to continued work with you toward enactment of comprehensive work incentives legislation to help tax users become taxpayers, like my daughter. Thank you.

[The prepared statement follows:]

**Statement of Quincy Abbot, President, The Arc of the United States, West Hartford, Connecticut**

Thank you, Mr. Chairman and Members of the Subcommittee, for this opportunity to testify on eliminating the barriers to employment for Social Security disability beneficiaries through H.R. 3433, The Ticket to Work and Self-Sufficiency Act of 1998. We appreciate the leadership of Chairman Bunning and Representative Kennelly in taking a serious and long overdue look at the work incentive and barrier issues in the Social Security disability programs. As you know, The Arc of the United States has joined in support of your efforts for passage of H.R. 3433 along with the Consortium for Citizens with Disabilities and other disability advocates across the country. I will use this opportunity to discuss key issues facing people with mental retardation who want to work and the potential impact of H.R. 3433 in addressing those issues.

**I. H.R. 3433**

I am testifying in my capacity as President of The Arc of the United States and also as father of my daughter Becky. My daughter is 34 years old, has mental retardation and is currently competitively employed at CIGNA corporate offices in West Hartford, Connecticut. She operates a photocopy machine, earns about \$15,000 per year, and receives health care coverage through CIGNA. She does not currently receive SSI, SSDI, or Medicare. She did receive SSI for a few years while training for a job and currently receives some residential supports through a Medicaid waiver. She also has Section 8 housing support.

That said, let me emphasize that Becky's situation is not typical for people who have mental retardation severe enough to qualify them for the SSI or SSDI programs. I know that from my years of experience in The Arc and through knowing my daughter's friends who have mental retardation or other developmental disabilities. My daughter's experiences are instructive, however, for understanding various aspects of the quest for job security by people with mental retardation. In reviewing her story, it is easy to see those places where she would have been left without sup-

port and without a job, had the particular pieces of her life not fallen into place just right. Even now, if circumstances changed and she was unable to work, she would need to rely again on SSI and would also qualify for Title II disability benefits based on her status as my disabled adult child and also, probably, from her own recent work history.

- First of all, Becky is working at the corporate offices of the insurance company from which I retired as Senior Vice President of the Tax Department. After some vocational assessment in a sheltered setting, she spent 3 years at CIGNA in a supported employment enclave in the print shop, with a job coach providing assistance to her and to the other workers in her team with disabilities. Her productivity rate started at 50 percent and it took those 3 years to bring her production rate up to 100 percent. She received SSI during those training years. She also received private health coverage through my own CIGNA policy since she was considered a disabled dependent at 21 (not typical coverage).

For some people with mental retardation, their production rate will never reach 100 percent. For others, the years spent reaching that level are not supported by an employer. For still others, even with full-time employment, they will not be fully covered by their employer's health insurance policy. Becky is still receiving critical support services through Medicaid. Some employers, of course, do not even offer health benefits.

- At that point, she was put on the regular payroll as a full-time employee. Many people with mental retardation never are hired on as full-time employees.

- Later, when the print shop operations moved to another state, Becky was moved elsewhere in the corporate offices to run a photocopier, where she continues to work. Many employers do not have the capacity or interest in continuing employment for their low wage employees in major corporate restructuring or moves.

Becky's story is different than that of her friends. In the second section of my testimony, I describe the typical scenario for people with mental retardation when they do not have inside corporate executives as their advocates, long term training opportunities, job security, and health care coverage. I also describe the complicated aspects of the disability programs which create disincentives for the person with mental retardation who wants to work despite the need for health coverage and ongoing, life-long supports, including income supports, in time of need. This is the side of the story that my daughter's friends, and so many others like them, face nationwide. In a recent survey of waiting lists across the country, The Arc documented over 64,000 people with mental retardation waiting for daytime support services such as vocational or employment support.

On behalf of 7 million Americans with mental retardation, I want to thank Chairman Bunning and Representative Kennelly for your bipartisan efforts to address all of the issues raised to you in this Subcommittee's hearing last summer. We know that there is still much work to be done and we pledge to work with you to bring H.R.3433 to enactment in the 105th Congress. Specifically, we commend you for including the following in the bill:

- Tickets to Work to create for consumers a new choice in providers of rehabilitation and other employment support services.

- Establishment of an Advisory Panel to advise the Commissioner of SSA implementing and refining the program and designing the research and demonstration projects.

- Establishment of a corps of trained, accessible, and responsive work incentive specialists to assist beneficiaries with disabilities.

- Requirement for demonstration projects to test the gradual decline in cash benefits as earnings increase.

- Extension of the timeframe in which beneficiaries can continue to receive Medicare coverage when they return to work.

- Creation of a "disabled worker" tax credit which allows a worker with disabilities a credit of 50 percent of impairment related work expenses up to \$10,000.

As you know from our testimony last summer and from your staff's work with us, The Arc believes that it is imperative that the gradual reduction in cash benefits as earnings increase (otherwise known as the "2 for 1" proposal) be added to the Title II disability programs in a way similar to work incentive provisions in SSI. We believe this is critical for people, including people with mental retardation, who will tend to be low wage earners (often without employer-sponsored health coverage) or who will be able to work only intermittently.

We recognize the efforts of Chairman Bunning and Representative Kennelly in attempting to incorporate this approach in the work incentives bill. We commend you for requiring SSA to test the "2 for 1" in demonstration projects.

## II. BACKGROUND

This section of my testimony reviews some key points about work incentives for people with mental retardation. While these points were submitted to the Subcommittee last summer, I resubmit them here for the record.

### *Title II and People with Mental Retardation*

Many people with mental retardation receive "Title II" Social Security benefits as adult dependents of their parents who have retired, become disabled, or died. To qualify in this way for benefits based upon a parent's work history, the adult "child" must have been disabled during childhood. This group of eligible adults disabled during childhood are often referred to as "DACs" (disabled adult child).

In addition, a growing number of people with mental retardation receive Title II disability insurance benefits as a result of their own work history (quarters of coverage) and disability.

Since the eligibility criteria and work incentive provisions of the disability insurance program are applied to all of these categories of adults, the term SSDI (Social Security Disability Insurance) is often used in references to encompass all of the Title II disability programs (even though it is technically incorrect for encompassing all). It is important that improvements in any of the work incentives be applied to all people who receive Title II benefits on the basis of disability, not just those who are technically in the SSDI program.

### *The Lessons of Section 1619 and Title II Work Incentives*

Following are highlights of a number of key issues regarding work incentives for people with mental retardation, based on the experiences of people with mental retardation as reported to us over the years by themselves, their parents, their employers, and their service providers.

- People with mental retardation have a life-long disability. Although most can work, those who are severely disabled enough to qualify for SSDI or SSI benefits are likely to need life-long support of some sort even if they are working. That need for support will vary with the individual, depending on circumstances including age, health, skill development, severity of their disability, and family and community support, to name a few.

- Success for many people with mental retardation must be measured in decreasing dependence (financial or otherwise) and increasing productivity and community participation; success should not be measured solely in terms of elimination of benefits. The fact that many people continue to use Section 1619 of the SSI program without "moving off" should not be viewed as failure. For the people with mental retardation involved, they have increased their own financial stability while reducing the amount of cash benefits paid out of the general treasury.

- Due to the nature of the disability and to the nature of job opportunities traditionally open to people with mental retardation, many will start as low-wage workers and will remain at lower levels of income most of their lives, often in jobs which do not provide health or other benefits. Many will be the last hired, lowest paid, and the first to be fired in any restructuring or downsizing. Even with the additional support of the job coach in supported employment situations, it can be very hard to find jobs which are an appropriate match for the individual with mental retardation and the employer. Sometimes, fitting in with untrained or uninterested managers or co-workers can be an insurmountable hurdle. In spite of the fact that people clearly want to work and in spite of the Americans with Disabilities Act and the Rehabilitation Act, it can be difficult to find jobs which provide the right match for people with significant cognitive limitations. It is even more difficult to find those jobs which provide the long term stability and support needed by an individual with significant impairment over a lifetime. Typical seasonal jobs and other part time employment jobs do not provide health or retirement benefits.

- Therefore, the "cash cliff" in Title II (the loss of all cash benefits after reaching the substantial gainful activity (SGA) level of earnings for the 9 months of the trial work period (TWP)) and the cost of continuing Medicare are very real barriers to work. In the SSI program, Sections 1619(a) and (b) allow for a gradual decline in cash benefits as earned income increases beyond the SGA level and for continued Medicaid coverage, even beyond the cash break-even point, for as long as the person needs continued Medicaid in order to continue working. The Social Security disability program does not have similar work incentives. There, people lose all cash after 9 months of trial work and Medicare is very expensive for lower income earners when the extended period of eligibility (EPE) is exhausted. It is important to note that, when the Section 1619 program was made permanent in 1986, the TWP and

EPE were eliminated in SSI; with the gradual cash offset and the availability of continued Medicaid, TWP and EPE were no longer necessary.

- In addition, there are very significant complications for people who move from SSI Section 1619 work incentives to the Title II disability programs and for those who receive benefits from both Title II and SSI.

- We strongly believe that a parallel program to Section 1619 should be established in Title II, including elimination of the confusing TWP and EPE.

- In our experience, there is a very typical scenario for people with mental retardation and their attempts to work despite severe, life-long disability. Of course, there are innumerable variations, but the basic scenario is repeated over and over again across the country in family after family.

—First, the young person, often upon becoming 18 years old, becomes eligible for SSI based on disability and low income and resources. The individual is able to increase income to the best of his/her ability using the Section 1619 program.

—Then the individual's parent retires or becomes disabled. At that point, the individual becomes eligible to receive a benefit equal to 50 percent of the parent's benefit. As you know, an SSI beneficiary must apply for and accept all other sources of income or benefits he/she is entitled to, because of the nature of the SSI program as supplemental income.

—As a result of this increase in unearned income, the individual may lose SSI completely OR may receive both SSI and SSDI simultaneously. It is at this step that it becomes clear that the work incentives in SSI and SSDI are not at all coordinated.

—The next major change comes when the parent dies. For parents, their greatest fear often is not for their own futures, but for the future of their sons and daughters, particularly when they have significant limitations in their ability to anticipate and care for their own needs. At this point, the individual becomes eligible for a Title II benefit equal to 75 percent of what the parent's benefit was. Once again, the individual may lose SSI altogether and move completely into Title II, OR may continue to receive SSI and SSDI simultaneously.

—Throughout all of this, the individual has not changed at all. There may have been no change in job status, no change in job or income, no promotion. Yet, the person, through no action of his/her own, may become ineligible for basic safety net support and is forced to choose between that critical support or work which cannot meet his/her needs.

—The loss of SSI benefits and the loss of those work incentives which make it possible to improve financial stability, therefore, may also mean the loss of work and the loss of an important factor in quality of life. The individual with a significant impairment and the need for some level of life-long support simply cannot afford to work at this point unless potential income is high enough to skip over the cliffs and canyons created by the loss of the Title II cash benefit and medical coverage. For the individual whose income is likely to start and remain low, including most people with mental retardation, the loss of work is likely.

—For people with mental retardation, as for many of us, loss of meaningful work also means loss of part of your identity: your work is who you are. For those who have nothing to do, or who are prevented from working due to the need for on-going support, lives are wasted.

- The movement between programs requires other trade-offs also. In SSI, the Sec. 1619 work incentives encourage work. However, a person cannot save meaningfully for the future because of the limits on resources. While in SSDI, the work incentives do not encourage work, so a person cannot earn. However, there are no restrictions on savings for the future. Both programs require that the individual give up one or the other of these essential components for future financial security, if not total financial independence. Families helping a person with significant cognitive impairment, like mental retardation, must be concerned for the future and the long-term.

- In designing a series of changes for Title II and/or SSI, remember that, for people with mental retardation, work is often for the first time and may require different approaches than for people who are "returning" to work.

- Finally, I would like to make a comment on SGA. The substantial gainful activity level needs an increase and should be indexed for inflation. Rep. Phil English has introduced a bill which is long overdue. We urge the Committee to address it as part of its work incentive improvement efforts. However, caution will be necessary to ensure that it works in the overall context of work incentives addressed here this week.

The Arc appreciates the dedicated work of Chairman Bunning and Representative Kennelly and their staffs in working out this bipartisan bill. Our goal is to make work incentives really work, to make them sensitive to the different needs of people with different strengths and limitations, and to have them incorporate the need to

potentially support some people over a lifetime. We look forward to continued work with you toward enactment of comprehensive work incentives legislation to help tax users become tax payers.

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Chairman BUNNING. Thank you, Mr. Abbot.  
Ms. Webb.

**STATEMENT OF SUSAN WEBB, NATIONAL COUNCIL ON  
INDEPENDENT LIVING**

Ms. WEBB. Mr. Chairman, Representative Kennelly, Members of the Subcommittee, I sat before you in July of last year representing the National Council on Independent Living. At that time, on behalf of NCIL's membership, I brought to you a proposal that represents what we believe is necessary to change the Social Security work incentives, so that thousands upon thousands of people with disabilities currently receiving Social Security benefits can start or return to work.

Last week, you introduced the Ticket to Work and Self-Sufficiency Act of 1998. Now, as the bill was only introduced last week, our full membership has not yet had a chance to look at it and analyze it and develop a formal position. Those will be forthcoming from us as an organization and from our individual members, as they deem appropriate.

Today, however, I sit before you with an initial observation of the bill, and today I am excited and enthused about the future of our members. You clearly heard what we said last summer. Most notably, you heard us when we said a Band-aid will not work, that comprehensive reform is essential. We believe the legislation that you and your staff have crafted is fair and contains many of the provisions that we asked from you. We thank you.

We told you last July that consumer control is essential. So you included a ticket to independence. We told you that consumer choice is essential. So you included not only a network of private providers, but you also preserved total choice by ensuring the viability of the existing State agencies to allow that total choice of whatever the consumer wants to avail themselves of.

We told you that loss of health care coverage is a major barrier to employment. So you included an additional 2 years of Medicare coverage. We told you we needed quality assurance, accurate information, informed consumers. We told you that the 2-for-1 offset was extremely important to us, and we told you we needed a tax credit. Mr. Chairman, Representative Kennelly, Members of the Subcommittee, you put it all in there, and we thank you.

Now, unlike some of my colleagues here today, I kind of go out on a limb a little bit. So I'm going to suggest that maybe there are some things we can suggest to you today that might actually even strengthen the bill even further, and so I'd like to outline those very quickly for you now.

We know that there's still very much to be done, but, first of all, we've been here before with disability-related legislation, and we know that there are some things we need to watch out for. One is that we really believe the bill should include a date certain for the promulgation of the regulations. We have seen over and over again

that when law does not include deadlines for the Federal agencies who are required to do the regulations, they very often don't get them done on time, and so we end up with a law that takes awhile to implement.

For example, that happened with the Rehabilitation Act of 1973. It happened with the Fair Housing Amendments Act. But when the Americans with Disabilities Act was passed, Congress included dates for the implementation of the regulations, and guess what? It got done on time. So we encourage you to do that.

Second, the Social Security Administration has told us on numerous occasions that they are not in the employment business, and that they support return-to-work services being done by those who are in that business. The bill does add significantly more responsibility onto the Commissioner's shoulders. We believe a provision should be added to the composition of the advisory panel that requires those appointed to have subject matter expertise. Having been a presidential appointee myself years ago, I know that very often these appointments do represent political paybacks. So we're real concerned that this advisory panel truly are people that do not have to be educated, will be able to hit the ground running, and assist the Commissioner in implementing this as far as promulgation of the rules, as far as overseeing the quality assurance program, deciding who the program and network managers should be, designing an effective 2-for-1 demonstration project, and generally, being able to provide a high level of expertise to assist the Commissioner in implementation of this program.

Third, since the issue of cost has been a major consideration throughout the drafting of this bill, we believe the requirement that employment networks undertake an employment evaluation as part of the development plan for each individual consumer smacks of bureaucracy and wastefulness. Those of us who are consumers looking for work, like every other adult, can tell the difference between somebody who's giving us a line and somebody who really wants to do a good job.

Also, the outcome requirements to be paid that are included in this bill I think also will go a long way to assure that the people that are in this business are there to mean business and actually assist us in getting a job. By incorporating a lot of certifications, whether government or private, and requirements for evaluations, self-directed consumers are only hurt by that.

There are several other recommendations that we have, and we will bring those forward. We understand the markup is coming next week, and so we will have a comprehensive list. In general, though, I would like to say, Mr. Chairman, that I thank you for inviting me back, and I applaud your commitment to this effort. I know in my heart that with passage of this bill, perhaps with a few amendments, many, many thousands of people with disabilities who are not now working today will be able to work and get out of poverty. Instead, we will move productively toward economic self-determination.

Thank you.

[The prepared statement follows:]

**Statement of Susan Webb, National Council on Independent Living**

Mr. Chairman, Representative Kennelly, Members of the Subcommittee, I sat before you in July of last year representing the National Council on Independent Living (NCIL). At that time, on behalf of NCIL's members, I brought to you a proposal that represents what we believe is necessary to change the Social Security Work Incentives so that thousands upon thousands of persons with disabilities currently receiving Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) can start or return to work. Last week you introduced the "Ticket to Work and Self-Sufficiency Act of 1998."

Now as the bill was only introduced last week, our full membership has not yet had the chance to analyze it and develop a formal position and comments. Those will be forthcoming, we expect, collectively from us as an organization and from individual members as they deem appropriate. We will do our part to ensure they have information about the bill as quickly as possible and ask for their response immediately.

Today, however, I sit before you with an initial observation of the bill. And today I am excited and enthused about the future of our members. You clearly heard what we told you. Most notably, you heard us when we said a Band-Aid will not work—that comprehensive reform is essential. We believe the legislation you and your staff have crafted is fair and many of the provisions we asked for are included. We thank you.

We told you last July that consumer control is essential. You included a "Ticket to Independence."

We told you consumer choice is essential. You included not only a network of private providers but also preserved total choice by ensuring the viability of the existing State agencies in these reforms.

We told you loss of health care coverage is a major barrier to employment. You included an additional two years of Medicare coverage.

We told you we needed quality assurance in the provider network and effective implementation by the Social Security Administration. You included an Advisory Panel, a dispute resolution process, and significant data collection so that we can monitor the program's effectiveness and "tweak" it if need be.

We told you we needed accurate information and informed consumers. You included a trained cadre of specialists.

We told you we needed a "2 for 1" offset so that those who needed to ease into the work force, or move in and out of it, could be as self-sufficient as possible without falling over the "earnings cliff." You included a "2 for 1" demonstration that we are confident will prove unequivocally that many more beneficiaries will reduce their dependency upon SSDI than will be induced to enter it, resulting in a savings to the Social Security Trust Fund.

We told you we needed a tax credit to recoup actual expenses related to disability. You included a tax credit.

Mr. Chairman, Rep. Kennelly, Members of the Subcommittee, we thank you.

We know, however, that there is still much to be done to see this bill become law. In light of that, there are a few recommendations I believe I can make at this time that will further strengthen the bill and are consistent with NCIL's mission:

1. The bill should include a date-certain deadline for promulgation and implementation of all regulations. Historically we have seen that not including a specific date delays the regulations and subsequently delays implementation of the Act (e.g., the Rehabilitation Act of 1973 and the Fair Housing Amendments Act of 1988). Conversely, when specific dates are included, such as was the case with the Americans with Disabilities Act, the statute is implemented on time. We recommend a deadline of one year from enactment.

2. The Social Security Administration has told us on numerous occasions that they are not in the employment business and that they support return-to-work services being done by those who are in that business. The bill does add significantly more responsibility onto the Commissioner's shoulders. We believe a provision should be added to the composition of the Advisory Panel that requires those appointed to have demonstrated experience and expertise in employment and start/return-to-work for Social Security beneficiaries. We also believe the Panel should include 50% consumer representation. The Panel, then, would share more responsibility for promulgation of the implementing regulations, overseeing quality assurance, deciding who the Program Manager(s) and Employment Networks should be, designing an effective "2 for 1" demonstration project, and generally being able to provide a high level of expertise to assist the Commissioner in implementation of this program.

3. Since the issue of cost has been a major consideration throughout the drafting of this bill, we believe the requirement that Employment Networks undertake an employment evaluation as part of the development of individual employment plans, is a drain on resources that could be more cost-effective and consumer-friendly by drawing upon our experience with the Job Training Partnership Act and the Rehabilitation Act. Historically we have seen that such a requirement is of little or no use to many consumers who are self-directed. In fact, it is frustrating and sometimes demeaning to people who know what they want to do but are required to sit through lengthy and costly assessments because the "government requires it."

We understand and support requiring Networks to offer such assessments to ensure that providers are giving beneficiaries the greatest number of options for their careers. We believe the way to address both sides of this issue is to add language to the bill that is similar to a provision in the Rehabilitation Act Amendments of 1992 allowing a consumer to waive their right to such an evaluation. Suggested language: "A beneficiary shall have the right to waive the employment evaluation requirement. Each beneficiary shall be informed both verbally and in writing of their right to waive the evaluation."

4. The "2 for 1" demonstration is of major interest to our members. We are pleased that you have authorized the Social Security Administration to include this element in the program, even if it is only a demonstration project at this time. However, the SSA has already been doing this with SSI beneficiaries for some years now. Therefore, we believe that it should not be an onerous administrative task for them to assemble the necessary infrastructure to manage such a program for SSDI beneficiaries. Because we believe this is such an essential element in enabling beneficiaries to return to work, we recommend that the demonstration project be national in scope, have a specific implementation date and duration included in the statute, and include a provision that the SSA must notify all beneficiaries of its availability.

5. Several areas within the current bill include well-intended provisions to ensure program integrity. We believe, however, that some of them could be less bureaucratic to encourage consumer control. For example, the bill requires the Commissioner to develop selection criteria for Employment Networks that includes some type of professional and government certifications. We believe consumers have the ability to determine whether providers of services are qualified and can do a good job without bureaucratizing the provider network. "Professionalizing" disability has historically not only created increased and unnecessary costs, it has perpetuated a "mystique" around people with disabilities that we believe has caused the stereotypes that employers have of us. Doctors' releases, certified rehab plans, etc., serve only to stifle creativity and innovation and separate us out as "different" from other adults seeking work.

Mr. Chairman, Members of the Subcommittee, I thank you for inviting me back. I applaud your commitment to this effort. I know in my heart that with passage of this bill, perhaps with a few amendments, many, many beneficiaries will no longer be trapped in poverty. Instead, they will move productively toward economic self-determination.

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Chairman BUNNING. Thank you, Ms. Webb.

Let me ask anybody here on this panel to answer; you can choose up sides and find out whoever wants to answer. As you know, legislation passed by the House must be revenue-neutral. We are waiting for CBO and Joint Tax to tell us what the score on this bill will be; in other words, how much, if any, costs are involved. Depending on what CBO tells us, either we are going to have to find other ways to reduce benefits or we may not be able to include all the provisions we would like to include.

It would be helpful to hear from you regarding the provisions you believe are the most important to include in this bill. Which three provisions do you believe are the most important to include? Mr. Young, would you like to start us off?

Mr. YOUNG. Well, clearly, from what we've heard over the last couple of years from the consumers, the health coverage is number

one. No one is going to go back to work and give up their vitally needed health coverage.

The second I think is the tax incentives. Folks just won't go to work for the privilege of paying more out of their pocket than they earn from the wages that they're going to be earning. No business would run that way; no family could run that way; certainly no individual can operate that way.

And then, clearly, the ticket to work, the access to the services that the providers are going to help people with is a critical piece of the legislation. Some folks would be able to get back to work without the assistance, but many, many more would benefit from access to the wide variety of providers that the ticket offers.

Chairman BUNNING. Thank you. Someone else?

Mr. KELLER. I would say the health insurance is number one, along with the actual ticket, number two, the ticket-to-work program, and, number three, I would say the 2-for-1 option.

Chairman BUNNING. Ms. Webb.

Ms. WEBB. Mr. Chairman, I would agree that the ticket is very important, as well as the health care extension. However, I'd like to take a different approach, and that is that we have current work incentives right now in many respects that could be workable if they were administered better. I think one of the provisions in this bill that I think doesn't cost anything or very little that may get overlooked, and it worries me, is the privatization aspect and the advisory panel. It is very, very important that there be some other way to ensure that the Social Security Administration manages this program appropriately, or nothing is going to work.

Too many consumers receiving services don't have a clue of what's available to them. If there is a provision in here that is very strong, that requires that consumers are educated about their options, this will work, and that piece has to be very strong, and won't cost that much money.

Chairman BUNNING. Mr. Abbot?

Mr. ABBOT. I would guess that maybe there's going to be a net savings and not net cost from this bill—

Chairman BUNNING. Well, we hope that's—

Mr. ABBOT [continuing]. Because—

Chairman BUNNING. We hope that's the case, too.

Mr. ABBOT [continuing]. I know personally a number of people who are unable to work, beyond a certain point, to earn money and pay taxes because of the barriers to employment. So I would urge that when they look at the figures, they look at the things outside of the box. It may take a little investment this year that produces return next year, and it's not just the cost in this bill; it's the savings from having additional revenues coming in from other places.

Chairman BUNNING. I think if Mrs. Kennelly and I were scoring the bill, it would be all right—[Laughter.]—but since CBO scores it, it's going to be a little different.

One other question: Ms. Webb has suggested compromise language to allow the beneficiary the right to waive an employment evaluation requirement. What are your reactions to that?

Mr. YOUNG. I would agree with that option for the consumer.

Mr. KELLER. I do not understand. Can you explain more completely, sir?

Chairman BUNNING. Well, we have in the bill an employment evaluation requirement. Ms. Webb suggests that we waive that because she doesn't think, obviously, it's necessary.

Ms. WEBB. And may I clarify a little bit?

Chairman BUNNING. Go ahead.

Ms. WEBB. I'm not suggesting that we waive the requirement for the evaluation, but the evaluation should be offered by the provider to the consumer, but as we did in the Rehabilitation Act, the consumer has the option of waiving the evaluation and saying, "I don't need that."

What we have today with, for example, the Job Training Partnership Act is that many people are required to go through expensive evaluation—

Chairman BUNNING. I believe I said the beneficiary has the option of waiving it.

Ms. WEBB. I'm sorry, Mr. Chairman, I misunderstood you.

Chairman BUNNING. That's OK.

Ms. WEBB. Yes, that's correct.

Chairman BUNNING. OK.

Mr. KELLER. I would agree.

Chairman BUNNING. OK.

Mr. ABBOT. My feeling is that you should be able to waive it. We spend I don't know how much time in evaluation and training, which for many people with mental retardation is not transferable into another situation. The best way to get them on the job and working is to get them on the job and working and provide the supports that they need to do the job there, rather than forever and ever training and evaluation, which doesn't get any place.

Chairman BUNNING. Barbara.

Mrs. KENNELLY. Thank you, Mr. Chairman.

Mr. Keller—

Mr. KELLER. Yes?

Mrs. KENNELLY [continuing]. Under the legislation, as you know, you can choose the provider or rehabilitation service which best fits your need. The bill offers an incentive for providers to continue to support the individual by letting the provider share in part of the savings that result. You mentioned you have a nonprofit group in Rockville, Maryland, that you have been using. Do you think it would make a difference, this bill could make a difference to them, or do you think that it's just that some agencies give better assistance than others?

Mr. KELLER. I believe the Threshold Services and organizations like Threshold could be helped by this bill because they would basically—I think the bill would help with the 5 years for the individual, following the person for 5 years, and also I think it's very ingenious because it allows a provider to get funding for 5 years, as opposed to not get funding for 5 years, and also the fact that it's incentive because the provider will want the individual, the disabled individual, to keep the job for up to 5 years and beyond, to follow through with us. I think it's a very good incentive for providers to be helped and the consumer to be helped as well. Do you understand?

Mrs. KENNELLY. Yes.

Mr. KELLER. OK.

Mrs. KENNELLY. Thank you. Thank you, Mr. Chairman.

Chairman BUNNING. Mr. Johnson.

Mr. JOHNSON. No questions, Mr. Chairman.

Chairman BUNNING. No questions? Mr. Hulshof.

Mr. HULSHOF. Thank you, Mr. Chairman.

Ms. Webb, let me kind of go back because I think when the bill was drafted, the intent, of course, was to provide as much program flexibility as possible, but at the same time emphasizing the consumer protections. I notice in your statement, you state that required individual employment plans may not be a good idea. Help us find other ways. You talk about trying to be less bureaucratic. What other suggestions might you have to improve the bill?

Ms. WEBB. Mr. Chairman, Representative Hulshof, we've been through this with the Rehabilitation Act since 1973 of the effect of bureaucratizing people with disabilities, and unfortunately, with many of these laws we end up creating a situation where people have no flexibility because of it, and the way to resolve that is to recognize that people with disabilities really are adult people that can make choices. I think inherent in this bill that's different from others that I've seen in the past is the incentive for the provider. They will not get paid unless they produce, and that, in and of itself, is enough to be sure that people are not going to be doing needless evaluations just to do evaluations.

So leaving the flexibility in there for consumers to take control of their own plan, and watching as a wary consumer would, just as if I were buying a car, that is the way to assure the quality. The outcome-based payment itself will assure that quality, and the fact that we have choice. If we don't like what we're getting, just as the gentleman here to my right pointed out his experience, as long as we've got choice, if we don't like what we're getting one place, we can go next door. I think that that, in and of itself, the market-driven aspect of it, will assure the quality that we're looking for, and not pay money out of the trust fund that isn't earned.

Mr. HULSHOF. I appreciate that. Thank you, Mr. Chairman.

Chairman BUNNING. I want to thank you all for coming and appearing as witnesses today, and I want to let you know that we're going to submit some questions in writing to you, and we really appreciate your returning them in writing.

[The following was subsequently received:]

**Questions and Subsequent Answers from Mr. Young**

1. You suggest creating an optional State Medicaid buy-in for working SSI/SSDI beneficiaries. As Medicaid is under the jurisdiction of the Commerce Committee, have you shared your proposal with the Commerce staff, and what has been their reaction?

CCD member organizations contacted staff of the Commerce Committee several times regarding a Medicaid buy-in. None of these contacts has resulted in any sign of interest on the part of the Commerce Committee to pursue this issue.

2a. You recommend specific language be included in the tax credit, that it should include items connected with "preparation for, and traveling to and from work, including the cost of a vehicle, orientation and mobility services and durable medical equipment." Why do you believe it is important to specifically mention these items in the law?

The tax credit language in HR 3433 only covers impairment related work expenses (IRWEs) incurred on the job. However, many times the IRWEs on the job are covered by the employer under the reasonable accommodations provision of the Americans with Disabilities Act. The disability related expenses of preparing for and traveling to and from work often exceed that which individuals with severe disabil-

ities can afford and still meet ordinary expenses such as rent, utilities, insurance, etc. These IRWEs are both the most critical for individuals with severe disabilities to go to work, and the most often denied by the IRS and SSA. Specifying these items in the law will prevent any uncertainty among implementing agencies as to the full intent of the Congress in regard to this provision.

2b. Follow-up: You recommend that the disabled worker tax credit be confined to SSDI and SSI beneficiaries who are attempting to leave the rolls. As you know, it is important that we treat everyone fairly. Are you recommending that individuals who are already working with severe disabilities should be excluded from receiving this tax credit?

This suggestion of limiting the tax cut to those leaving the rolls was an attempt to use DI and SSI status as a proxy measure for severe disability. There are other methods, including using the Disability Determination System, to qualify individuals with severe disabilities for tax cuts (or medical coverage). Targeting the tax cut to those leaving the rolls was also intended as one example of strategies to control the cost of an important work incentive while maximizing its impact. Those individuals with severe disabilities who have the lowest earnings and the highest expenses for work supports are the logical target for tax relief that can help them enter and remain in the workforce.

A tax cut that covers impairment related work expenses related to preparing for, traveling to and from, and performing work for individuals with severe disabilities who have limited earnings is the best use of a limited funding.

3. While you support our provision to establish Work Incentive Specialists, you believe that these individuals should be employees of private, not-for-profit, or public agencies other than SSA. Why? Shouldn't SSA employees be responsible for their own work incentives?

Yes. SSA should employ workers who are knowledgeable of work incentives and responsible for making timely and accurate decisions on work incentives requests. However, beneficiaries need access to independent expert advisors who can assist them to make the best choice possible on an important decision. It is critical that these advisors have the best interest of the beneficiary at the center of their efforts. A complimentary external group of expert advisors working in conjunction with SSA staff would maximize the impact of these work incentives.

4. I'm curious about your request that we include a provision to protect beneficiaries from unwarranted CDRs—these include requiring that work activities will not trigger a CDR, work activities cannot be used as evidence that a disability has ceased, and that termination of work activities does not presume an inability to work. Under current law, individuals with disabilities will not have benefits terminated if they are receiving rehabilitation services.

There are individuals, as you know, whose condition will medically improve. Are you saying that work activity can never be an indicator of medical improvement?

No, however, given the tenuous connection between work activity and medical conditions that result in disability, it is inadvisable for SSA to have the authority to conduct a Continuing Disability Review (CDR) solely based upon work activity. CCD strongly supports the use of CDR's at the regularly scheduled 3, 5, or 7 year intervals as a necessary mechanism for identifying beneficiaries who have medically recovered. While beneficiaries in the Medical Improvement Expected category may go to work because they have medically recovered to the extent that they no longer meet the SIDI definition of disability, beneficiaries in the Medical Improvement Possible and Medical Improvement Not Expected will rarely Medically recover to that extent. Yet, using the work incentives offered by this bill, many in the MIP and MINE categories will be able to work to some extent. Using work activity alone to trigger a CDR is viewed by many beneficiaries as a not-so-veiled threat to the critical work supports and safety net offered by the SSA disability programs. This undermines the sense of confidence and security that is needed for a successful work effort.

5. You recommend continuing Medicare free until an individual has \$15,000 of earned income. Once this level of income is achieved, the individual would pay a premium equal to 10% of earned income, capped at the full Part A Medicare premium amount. Have you discussed this proposal with the Administration and received their views regarding how such a buy-in would be administered or whether they would support such a proposal?

CCD conducted informal discussions with the Administration regarding their support for and the mechanics of a Medicare buy-in. CCD believes that the current Medicare buy-in program can be modified without undue hardship to manage the proposed sliding-scale buy-in. We are eager to work with the Congress and the Administration to effectively implement a Medicare buy-in, should one be enacted.

6. You also recommend establishing a Medicare buy-in similar to your first suggestion, but for individuals with disabilities who would be eligible for disability except they earn above the \$500 per month limit. Has anyone obtained an estimate regarding how much such a provision would cost?

A request for a cost estimate for this proposal has been made to CBO by Senators Jeffords and Kennedy who have introduced S. 1858, the Work Incentives Improvement Act of 1998. We do not believe this request has yet been answered.

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### Questions and Subsequent Answers from Mr. Abbot

1. We appreciate your sharing with us the experiences of your daughter and the supports she has received from her present employer. Becky has been fortunate in terms of her employer, but we appreciate the fact that her situation may well be unique.

You mention some of the changes that may happen to an individual, through no fault of their own, for example that they may become eligible for SSI, then, when a parent retires or becomes disabled that are eligible to receive a benefit equal to 50% of the parent's benefit so may lose their SSI benefits and/or continue eligibility for both.

This happens again when one of the parent dies, and they become eligible for 75% of the benefit. They then are forced to choose between the basic safety net which provides critical support or work and risk losing that basic safety net.

You summarize the key challenges of interfacing programs based on need, such as SSI, with the basic insurances against disability, death, or retirement provided by the Social Security programs. I'm sure Arc has studied these circumstances over the years ... do you have any particular suggestions which we might keep in mind to address these important points as the bill moves forward?

1. Regarding the key challenges of interfacing the SSI program and Title II programs—While the SSI program is means-tested and the Title II programs are insurance programs, there are certain key ways in which they should be coordinated.

We believe that it will ultimately be necessary to create a "2 for 1" gradual decrease in cash benefits as earning increase for the Title II program. When that is eventually done, it will be important to ensure that other related aspects of work efforts in Title II be coordinated with SSI. That requires elimination of the Trial Work Period and Extended Period of Eligibility and requires allowing earnings above the substantial gainful activity level. Otherwise the complications caused for a dual SSI/Title II beneficiary will create more work disincentives. The TWP and EPE in SSI were eliminated when Section 1619 was made permanent.

It would also be necessary for the order of "2 for 1" reductions to be clearly understood by dual beneficiaries. Since SSI is means-tested, it would seem reasonable for the reductions in SSI to occur before the reductions in Title II benefits.

If the Title II programs were amended as described above, we believe that it would simplify work incentives for people who receive both benefits or for those who move from one program to another. Although it is possible that a different solution to the "cash cliff" problem in Title II could be devised, we believe that success is more likely if the solution is carefully crafted to address the needs of people who rely on both programs: hence, our recommendation to create a "Section 1619-type" program in Title II.

We also believe that it is important to develop all incremental steps toward the goal of simplified, coordinated work incentives in a fashion that will ultimately complement and facilitate that result. We believe that the provisions in H.R. 3433 would complement and not hinder a future "1619-type" approach, including a gradual reduction in cash benefits.

2. You mention that it is important that improvements in any of the work incentives be applied to all people who receive Title II benefits on the basis of disability, not just those who are technically in the SSDI program. Clearly that is our intent. In your view, is this not the case? Is there something in the bill we need to clarify?

2. Coverage of people with disabilities—Upon careful review of H.R. 3433, we believe that you have, indeed, covered all people with disabilities within the Title II programs. As you can understand, since so many people with mental retardation are actually eligible for Title II benefits as "disabled adult child" dependents or survivors, we simply wanted to note for the record the importance of covering people who do not fit technically in the category of "disabled workers." Thank you for attention to this issue.

Substantial Gainful Activity level—Finally, I urge you to consider taking some steps toward improving the SGA level for people who are not blind in both Title II and SSI. Since a full-fledged “2 for 1” does not appear to be possible at this time, it is particularly important to make at least some modest improvements for lower-income earners now. We urge you to consider including at full Committee mark-up a provision to (1) increase the SGA level to accommodate the recent increases in the minimum wage, and (2) direct the Commissioner to increase the SGA level annually to account for inflation and to allow it to gradually increase to the SGA level for people who are blind. This gradual catching-up could be done by “double-indexing” the SGA level each year. We would be happy to explore this idea further with your staff.

Again, we appreciate all of your hard work and dedication to passage of important work incentives legislation this year. We look forward to continued work with you on H.R. 3433.

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Chairman BUNNING. Thank you very much.  
 Mr. KELLER. Thank you, Chairman Bunning.  
 Mr. ABBOT. Thank you.  
 Mr. YOUNG. Thank you.  
 Ms. WEBB. Thank you.

Chairman BUNNING. Testifying on the third panel today are Steven Shedlin, chair, Government Affairs Section, National Association of Rehabilitation Professionals in the Private Sector; Robert Burns, assistant State superintendent, Division of Rehabilitation Services, Maryland State Department of Education, on behalf of the Council of State Administrators of Vocational Rehabilitation; Joe Miller, director, LifeSkills Industries, and president, Kentucky Association of Community and Employment Services, Bowling Green, Kentucky; Joe Mobley, client, LifeSkills Industries, Bowling Green, Kentucky; Francine Tishman, executive director, Edwin W. Martin, Jr., Career and Employment Institute, National Center for Disability Services.

Mr. Shedlin, would you please begin.

**STATEMENT OF STEVEN D. SHEDLIN, CHAIR, GOVERNMENT AFFAIRS SECTION, NATIONAL ASSOCIATION OF REHABILITATION PROFESSIONALS IN THE PRIVATE SECTOR**

Mr. SHEDLIN. Thank you. Chairman Bunning, Ranking Minority Member Kennelly, and Members of the Subcommittee, it is an honor to sit here before you today. My name is Steve Shedlin, and on behalf of the National Association of Rehabilitation Professionals in the Private Sector, NARPPS, I want to thank you for allowing me to testify on the Ticket to Work and Self-Sufficiency Act of 1998, H.R. 3433.

As the chairperson of the NARPPS government Affairs section, I'm here to extend our association's support for H.R. 3433, and provide an analysis of the legislation from the perspective of private sector rehabilitation providers. I will cite how the bill benefits not just Americans with disabilities who receive SSI and SSDI payments, but all Americans, by virtue of allowing more of us to benefit from the intrinsic value of work, and by reducing the monetary support needed to assist Social Security beneficiaries, by helping those individuals return to productive and gainful activity, resulting in both savings to the Disability Trust Fund and new revenue in the form of payroll taxes.

I am particularly pleased with the provisions that allow private sector vocational rehabilitation counselors and allied professionals the ability to participate in the process of helping SSI and SSDI recipients secure suitable gainful employment.

I am a certified rehabilitation counselor who has worked in the rehabilitation field for over 19 years, almost 17 of those years as a private practitioner and businessowner in the Washington, DC/ Baltimore, Maryland area.

At prior hearings, you've had an opportunity to meet two of my colleagues with NARPPS who gave you information about our organization. So I will not go into great detail about us again today.

However, briefly, NARPPS members, approximately 3,200 of us, are located in nearly every State in the country. Our goal is to assist an individual to reach the maximum level of productive activity, most preferably being a return or an entry to suitable gainful employment.

Needless to say, NARPPS welcomes the consumer having a choice as to who will assist them with the provision of rehabilitation services. We are confident that the more professionals available to provide services, the greater the amount of SSI and SSDI recipients who will be able to find and keep employment.

To that end, we welcome the continued inclusion of State VR agency participation, particularly those that opt to participate as part of the employment network, who by implication would be following strict, but reasonable criteria set forth in the bill for members of an employment network.

We applaud the distinction of program managers and employment networks. I would anticipate that NARPPS will have members that will seek to become either a program manager or an employment network position. While recognizing the distinction that it is an "either/or" proposition, we are in favor of the quality control that program managers offer to the program itself.

NARPPS supports the criteria outlined in the bill for employment networks as needing to demonstrate substantial expertise and experience in the field of employment, vocational rehabilitation, or other support services. NARPPS has published standards and ethics which each NARPPS member pledges to abide by, subject to peer review, as a condition of membership. As our membership tends to consist of certified rehabilitation counselors and nurses with advanced degrees, we welcome this requirement and hope that selection to participate in the employment network will look closely at applicants' background.

We applaud loudly the choice of employment network payment plans. Some of our members, particularly those associated with large companies, may opt for the outcome payment system. However, as you have noted, this system would be untenable for any of our membership who work for smaller companies or as sole practitioners. The outcome milestone payment system will potentially allow participation of virtually all of our members, exposing the recipients to some very dedicated and talented professions who work in small business settings.

NARPPS' preference would be that the program not be implemented gradually at phase-in sites, but that the bold step of full implementation be started immediately. However, we look forward

to eventual full implementation, and it is our hope that if the program goes as well as we anticipate, that we will see full implementation sooner than the 6-year period identified in the bill.

NARPPS supports the creation of the advisory panel, particularly the diversity of the panel as specified in the bill. We believe the panel must have consumer representation, as noted, as well as private employer participation. The inclusion of peers, the providers themselves, on the panel is also essential and greatly appreciated.

A desire to work is often not enough to make finding and, more importantly, keeping a job possible. It goes without saying that the success of the program is dependent upon making it better to stop being an SSI or SSDI recipient than it is to continue as a recipient. Many SSDI recipients have been out of the labor market for years. SSI recipients have never had any experience whatsoever in the labor market. The beneficiaries may have experienced a catastrophic event or chronic illness that has altered virtually every aspect of their lives. Presently, there is a fear of attempting to return to work and subsequently failing and then losing benefits that keeps many recipients from even trying. The reductions in benefits based on earnings, the extensions of Medicare coverage to SSDI recipients, and the disabled worker tax credits are essential ingredients to help make it practical to return to work. Without these incentives, this program cannot be a success.

I am confident that the Ticket to Work and Self-Sufficiency Program, particularly once it is fully implemented, will combine altruism with practicality, and be a winning solution for all Americans.

On behalf of NARPPS and myself, I want to thank you for the opportunity to provide this testimony, and we remain available to work further with the Subcommittee. I'd be happy to answer questions at the appropriate time.

[The prepared statement follows:]

**Statement of Steven D. Shedlin, Government Affairs Section Chair, National Association of Rehabilitation Professionals in the Private Sector (NARPPS)**

Chairman Bunning, Ranking Minority Member Kennelly and members of the Subcommittee, it is an honor to sit here before you today. My name is Steve Shedlin, and on behalf of the National Association of Rehabilitation Professionals in the Private Sector, NARPPS, I want to thank you for allowing me to testify on the "Ticket to Work and Self-Sufficiency Act of 1998," H.R. 3433. As the chairperson of the NARPPS Government Affairs Section of NARPPS, I am here to extend our association's support for H.R. 3433 and to provide an analysis of the legislation from the perspective of private sector rehabilitation providers. I will cite how the bill benefits not just Americans with disabilities who receive SSI and SSDI payments, but all Americans by virtue of allowing more of us to benefit from the intrinsic value of work, and by reducing the monetary support needed to assist Social Security beneficiaries and helping those individuals return to productive and gainful activity, resulting in both savings to the disability Trust Fund and new revenue in the form of payroll taxes. I am particularly pleased with the provisions that allow private sector vocational rehabilitation counselors and allied professionals the ability to participate in the process of helping SSI and SSDI recipients secure suitable gainful employment.

I am a certified rehabilitation counselor who has worked in the rehabilitation field for over nineteen years, almost seventeen of those years as a private case practitioner and business owner in the Washington, D.C.-Baltimore area. At prior hearings you have had an opportunity to meet two of my colleagues with NARPPS who gave you information about our organization, so I will not go into great detail about us again today. However, briefly, NARPPS members, approximately 3,200 of us, are located in nearly every state in the country. We are private sector vocational rehabilitation counselors, nurses and allied health professionals who may be solo practi-

tioners, a business owner, or a member of a regional or national organization. Our referrals come from workers compensation carriers, long term disability insurers, health insurers, managed care companies, employers, attorneys and persons with disabilities. Our goal is to assist an individual to reach their maximum level of productive activity, most preferably being a return, or an entry, to suitable gainful employment.

We welcome many of the key points of H.R. 3433 including:

- The ticket to work and self-sufficiency.
- State VR agency participation.
- The employment networks.
- The use of individual employment plans.
- The employment network payment system.
- The advisory panel.
- The various incentives (i.e., S1/S2 offset, extended Medicare coverage and the disabled worker tax credit) making it viable for SSI and SSDI recipients to work.

Needless to say, NARPPS welcomes the consumer having a choice as to who will assist them with the provision of rehabilitation services. We are confident that the more professionals available to provide services, the greater the amount of SSI and SSDI recipients who will be able to find and keep employment. To that end, we welcome the continued inclusion of state VR agency participation, particularly those that opt to participate as part of the employment network, who by implication would be following strict, but reasonable criteria set forth in the bill for members of an employment network.

We applaud the distinction of program managers and employment networks. I would anticipate that NARPPS will have members that will seek to become either a program manager or an employment network position, while recognizing the distinction that it is an "either/or" proposition. We are in favor of the quality control that program managers offer to the program itself.

NARPPS supports the criteria outlined in the bill for employment networks as needing to demonstrate substantial expertise and experience in the field of employment, vocational rehabilitation, or other support services. NARPPS has published Standards and Ethics which each NARPPS member pledges to abide by, subject to peer review, as a condition of membership. As our membership tends to consist of certified rehabilitation counselors and nurses with advanced degrees, we welcome this requirement and hope that selection to participate in an employment network will look closely at applicants' backgrounds.

NARPPS unquestionably supports the inclusion of individual employment plans providing for consumer "ownership and participation" in their return to work, or entering work, journey.

We applaud loudly the choice of employment network payment plans. Some of our members, particularly those associated with large companies may opt for the outcome payment system. However, as you have noted, this system would be untenable for any of our membership who work for smaller companies or are sole practitioners. The outcome-milestone payment system will potentially allow participation of virtually all of our members, exposing the recipients to some very dedicated and talented professionals who work in small business settings.

NARPPS preference would be that the program not be implemented gradually at phase-in sites, but that the bold step of full implementation be started immediately. However, we look forward to eventual full implementation and it is our hope that if the program goes as well as we anticipate, and that we will see full implementation sooner than the six year period identified in the bill.

NARPPS supports the creation of the Advisory Panel, particularly the diversity of the panel as specified in the bill. We believe that the panel must have consumer representation, as noted, as well as private employer participation. The inclusion of our peers, the providers themselves, on the panel is also essential and greatly appreciated. We look forward to the annual reports to the President and Congress that the panel will provide as a method of measuring and evaluating our progress.

NARPPS also looks forward to the establishment of the corps of work incentive specialists. It is our belief that part of the problem to date in assisting disabled recipients from leaving the Social Security roles has been the lack of an effective way to disseminate information to them. Awareness of programs in and of itself should assist with a greater number of recipients attempting to enter the labor market.

A desire to work is often not enough to make finding, and more importantly keeping a job possible. It goes without saying that the success of the program is dependent upon making it better to stop being an SSI or SSDI recipient than it is to continue as a recipient. Many SSDI recipients have been out of the labor market for years. SSI recipients have never had any experience whatsoever in the labor market. The beneficiaries may have experienced a catastrophic event or chronic illness

that has altered virtually every aspect of their lives. Presently there is a fear of attempting to return to work and subsequently failing, and then losing benefits, that keeps many recipients from even trying. The reduction in benefits based on earnings, the extensions of Medicare coverage to SSDI recipients and the disabled worker tax credits are essential ingredients to help make it practicable to return to work. Without these incentives, this program cannot be a success.

Throughout the years, studies have shown that there is an intrinsic value to working, particularly in our culture as Americans, that is a motivator even beyond the salary earned for providing a service or a product. Today it is a necessity that we look beyond purely altruistic measures and support programs that are cost effective. I am confident that the Ticket to Work and Self-Sufficiency Program, particularly once it is fully implemented, will combine altruism with practicality and be a winning solution for all Americans.

On behalf of NARPPS and myself, I want to thank you for the opportunity to provide this testimony and we remain available to work further with the Subcommittee. I would be happy to answer questions at the appropriate time.

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Chairman BUNNING. Mr. Burns, please.

**STATEMENT OF ROBERT BURNS, ASSISTANT STATE SUPERINTENDENT, DIVISION OF REHABILITATION SERVICES, MARYLAND STATE DEPARTMENT OF EDUCATION, BALTIMORE, MARYLAND; ON BEHALF OF THE COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION**

Mr. BURNS. Good afternoon, Mr. Chair, Mrs. Kennelly. It's a pleasure. I'm Bob Burns, and I'm the State director of the Rehabilitation Services Program in the State of Maryland, and it's a pleasure—

Chairman BUNNING. Mr. Burns, would you please bring the mike a little closer, so we can hear you better? Thank you.

Mr. BURNS. It's a pleasure to meet with the Subcommittee to discuss this very important topic this afternoon. I've presented written testimony on behalf of the Council of State Administrators of Vocational Rehabilitation, CSAVR, for the record.

CSAVR is 81 State officials who administer the Nation's public rehabilitation program. We serve 1.2 million persons with disabilities each year with approximately 40 percent of those individuals SSI or SSDI recipients. In fiscal year 1995, the last year that national data is available, the public vocational rehabilitation returned to work over 200,000 individuals with disabilities and about 25 percent of those individuals were Social Security beneficiaries.

I believe that the written comments speak very well to the issues before us in returning SSI and SSDI beneficiaries to work. This afternoon I will not read those comments, but I want to speak really as a practitioner, someone in the field of rehabilitation that works day-in and day-out with over 28,000 persons with disabilities each year in the State of Maryland, and also administers the State's Disability Determination Services Program that adjudicates and processes over 57,000 claims for Social Security each year.

I want to also talk as a service provider, someone who's been in the field for 20 years, someone who's actually put people with severe disabilities to work.

First of all, I need to commend, and I want to commend, Chairman Bunning and Mrs. Kennelly for your leadership, and Members of this Subcommittee for your leadership on taking on a very dif-

difficult issue, but an extremely important issue. I pledge to you my full support and participation as this initiative goes forward.

There are some very, very positive features in the proposed legislation, and let me speak to those first. The legislation begins to address the real—the real—disincentives that exist for Social Security beneficiaries to return to work. Those are loss of medical benefits and loss of cash benefits. Unless we are serious in addressing those issues in a very understandable and doable fashion, any attempt to return beneficiaries of Social Security to work will be significantly impeded.

The proposed bill has a project to look at offsetting cash benefits with earnings, more or less, extending the 1619(a) waiver to the DI Program. This is an excellent objective—it's an excellent project. It must be done.

The bill also extends Medicare coverage 2 additional years when a DI recipient returns to work. The recommendation of the Council of State Administrators looks at it as recommending a parallel to the 1619(b) waiver, where you continue to receive Medicare benefits and also to broaden the array of services covered under Medicare benefits. Again, these are excellent features of the bill, and they begin to address the true systemic issues in returning individuals with severe disabilities to work.

We do, and I do, have some serious concerns about the bill, and those involve the return to work or the voucher component. The bill almost seems to discover this idea of vouchers. Since 1992 the public rehabilitation program has used informed client choice. Not only does the individual get to choose their service provider, but the individual gets to choose the vocational objectives and employment goal.

The bill also discussed alternative providers, and again, almost seems to discover that concept. I don't know of one successful public rehabilitation program where our partnership with alternate providers or community rehabilitation providers is not strong. All State VR agencies must work in collaboration with community providers to be successful. We must complement each other's strengths. We cannot compete. We don't need competition; we need synergy in terms of a return to work.

The bill fails to address the issue of timing of referrals. This is critically important. People struggle for 2 years, up to 3 years sometimes, just getting on the SSI/SSDI rolls, and then as soon as they're allowed, they're referred for rehabilitation. Really, at that point in time, it is not the appropriate time to begin that return to work.

The testimony of CSAVR goes at many other issues and recommendations. Essentially, we would ask the Subcommittee to direct the Social Security Administration to work in collaboration with the public VR program to use the existing expertise and knowledge in place to address these issues, and not building an untested service delivery approach.

Thank you, Mr. Chairman, very much.

[The prepared statement follows:]

**Statement of Robert Burns, Assistant State Superintendent, Division of Rehabilitation Services, Maryland State Department of Education, Baltimore, Maryland; on Behalf of the Council of State Administrators of Vocational Rehabilitation (CSAVR)**

Chairman Bunning and distinguished Members of the Subcommittee, it is a privilege to have the opportunity to provide testimony on behalf of the Council of State Administrators of Vocational Rehabilitation (CSAVR) regarding the employment of Social Security Disability Program beneficiaries.

The CSAVR is composed of 81 state officials who administer the Public Vocational Rehabilitation Program in the 50 states, the District of Columbia and the territories. This program, as authorized by the Rehabilitation Act of 1973, as amended, provides Vocational Rehabilitation services to beneficiaries under the various Social Security Disability Programs and has provided these services since the inception of the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs.

Our goal today is to relate the previous recommendations made by the CSAVR in a White Paper titled "Vocational Rehabilitation and Social Security" (June, 1997) relative to reform of the Social Security Disability Programs to the "Ticket to Work and Self-Sufficiency Act of 1998".

The CSAVR believes that the recommendations made in the White Paper are as valid today as they were last June, and can be implemented without spending additional time and fiscal resources on the development of a new administrative structure, such as would be necessary if the "Ticket to Work and Self-Sufficiency Act of 1998" were passed as it stands today. It would be more cost effective and advantageous for beneficiaries if the CSAVR could work with the Social Security Administration and Members of the Congress to build on an already existing and effective program of Vocational Rehabilitation for Social Security Disability Program beneficiaries.

The CSAVR is proud of the history and the achievement of the Public Vocational Rehabilitation Program in annually assisting thousands of beneficiaries of the Social Security Disability Programs to prepare for, enter, and maintain employment. Of the 1.2 million people served annually through the Public Vocational Rehabilitation Program, approximately 40 percent are estimated to receive SSDI and/or SSI benefits at the time they enter or during the Vocational Rehabilitation process. In Fiscal Year 1995, data from the Rehabilitation Services Administration shows that 209,848 individuals entered employment as a result of their efforts with the Public Vocational Rehabilitation Program. Of these individuals, 52,753, or 25 percent, were SSI and/or SSDI recipients. The level of partnership with consumers, families, and other public and private rehabilitation programs exhibited in the delivery of services through the Public VR Program is exemplary and this partnership has brought about the success of the Program.

We have had the opportunity to review a Discussion Draft of the "Ticket to Work and Self-Sufficiency Act of 1998," and although the draft we have access to may not be a current reflection of the goals of the proposed Act, we would like to submit the following for consideration.

During the past several decades of working with beneficiaries of the Social Security Disability Programs, two primary reasons why beneficiaries do not enter employment at the level of Substantial Gainful Activity (SGA) continue to resonate: the fear of loss of cash benefits, and the fear of loss of medical benefits. There have been Demonstration Projects, General Accounting Office Reports, and Reports directly from the Social Security Administration supporting these issues. A recent Longitudinal Study conducted by the Research Triangle Institute clearly demonstrates that these issues are keeping beneficiaries from working. In delineating the reasons why Public Vocational Rehabilitation consumers did not go to work, this study cited three major areas of difference between beneficiaries and non-beneficiaries were: fear of losing medical benefits, fear that the beneficiaries would not be able to get back on benefits if they were to lose their job, and fear that earnings from employment would not equal the amount received from benefits.

It is interesting to note that many of the more recent legislative proposals targeted at SSA system redesign have centered around a competitive private-sector referral model, opening up referrals of SSA Disability Program beneficiaries to alternate providers. It should be noted that the CSAVR has seen no actual data or substantive evidence to support the basis for these proposals, namely that access and choice are limited in the current system. The CSAVR strongly believes that it is the disincentives around the loss of cash and medical benefits, not choice of service providers, that has been the primary cause for the low rate of benefits termination re-

sulting from employment. It is clear that changes in the SSA benefit structure must be made regardless of who provides rehabilitation services.

Tax credits have also been included in some recent legislative proposals. The "Ticket to Work and Self-Sufficiency Act of 1998," specifically, offers a tax credit in an amount equal to 50 percent of impairment-related work expenses up to \$10,000 for disabled workers. However, there is no evidence to suggest that a tax credit would alleviate the fears of losing cash and medical benefits.

#### LOSS OF MEDICAL INSURANCE

One of the primary issues keeping beneficiaries from employment is the lack of availability of continued eligibility for Medicare and Medicaid. This medical coverage helps with the costs of treatment, medication, and other necessary services that enable individuals with significant impairments to enter and maintain employment. There is broad agreement on these issues and we need to continue to work on various modifications to the Medicare and Medicaid structures in order to enable persons with disabilities to continue to have access to medical and rehabilitation treatments.

In a summary of the Act, a plan is included to phase-in an extension of Medicare coverage for two additional years beyond current law for SSDI beneficiaries who return to work. While this phased-in extension is encouraging, it does not appear that the scope of the legislation will be sufficient to alleviate the fears of beneficiaries faced with the loss of medical coverage.

Our recommendations around medical insurance, provided to the Subcommittee in the form of the White Paper titled "Vocational Rehabilitation and Social Security" (June, 1997), are as follows:

- Protection of medical coverage for SSDI beneficiaries similar to the SSI 1619a and 1619b programs;
- Immediate Medicare coverage (elimination of the 24 month waiting period);
- In any proposed medical insurance package, include provisions to cover personal attendant care services and prescription medications necessary to maintain employment

#### *Loss of Cash Benefits*

The issue of loss of cash benefits affects both SSDI and SSI beneficiaries, but the disincentives are greater for SSDI recipients, where benefits awarded are often equal to or exceed the value of past or potential earnings, particularly when medical benefits are considered. There is no gradual phase-down of benefits when SSDI beneficiaries attempt work return, as is available to SSI recipients. This "all or nothing" approach to employment and public insurance for persons with disabilities, young or old, does not work, and often results in the under-employment of persons receiving SSDI benefits. The gradual phase-down of benefits based on earnings, as available to SSI recipients, is widely held as a stronger work incentive than the trial work period.

Review of the Discussion Draft does show that the bill attempts to address the issue around loss of cash benefits. The legislation includes a \$1 for every \$2 earnings offset, which more closely parallels the provisions of the SSI Program. However, there is little information surrounding additional provisions of this offset approach. In theory, this is the type of systemic change the CSAVR would welcome, as it eliminates one of the strongest disincentives to employment for Social Security Disability Program beneficiaries. Again, without the specific provisions, it is difficult to assess the impact on Public Vocational Rehabilitation consumers, or beneficiaries in general.

In addition to the two primary disincentives outlined above, there are other barriers to employment for Social Security Disability Program beneficiaries. Two of these issues are the timing of referrals, and the complexity of the Disability Program.

#### TIMING OF REFERRALS

Referral from SSA to State VR Agencies occurs at the point of award/denial of Social Security Disability Program benefits, despite data that this is the time least likely to result in engagement by the individual in a process resulting in employment. Currently, the Disability Determination Service (DDS) refers 10 to 15 percent of their applicants to the Public Vocational Rehabilitation Program at the time of disability determination, immediately following the completion of a complex process to prove their inability to work at the SGA level. As a result, only a very small percentage of the people referred actually follow through and apply for Vocational Rehabilitation services. An evaluation is necessary to determine the optimal time for

referral of disability applicants or beneficiaries, and a process needs to be developed to capture these referrals. The Discussion Draft of the "Ticket to Work and Self-Sufficiency Act of 1998" does not address the issue of timing of referrals. It is CSAVR's understanding that the current law which authorized priority referral of recipients by the Social Security Administration to the Public Vocational Rehabilitation Program will be repealed. There is, however, no discussion of the replacement for such a system.

The Social Security Administration needs to take the opportunity at every contact with a beneficiary or potential beneficiary to reinforce and promote employment. Data from the Rehabilitation Services Administration (911 Data, Fiscal Year 1995) demonstrates that approximately 28 percent of all beneficiaries in the Public Vocational Rehabilitation Program come into the program as self-referrals, 14 percent are referred by Community Mental Health Centers, and approximately 11 percent are referred by other individuals. The Social Security Administration needs, in its system redesign, to promote partnerships, not only at a national level, but also at the District Office level. Social Security District Offices need to be partnering with local Public Vocational Rehabilitation offices to ensure the highest quality, employment focused services for beneficiaries.

#### COMPLEXITY

In a Report titled "Defining a Work Employment Strategy for People With Disabilities (September, 1994), the Social Security Administration acknowledged that "the complexity of the system makes it difficult for people with disabilities to understand, and makes it complex for SSA to administer." The Discussion Draft includes a provision for the development of Work Incentive Specialists to specialize in title II and title XVI disability work incentives. However; this does not address the core issue of complexity.

#### SUMMARY

The CSAVR is pleased to have the opportunity to testify on issues pertaining to the employment of Social Security Disability Program beneficiaries. Over the past several years, the Public Vocational Rehabilitation Program and the Social Security Administration have taken strides toward the development of a partnership designed to maximize employment opportunities for beneficiaries.

The CSAVR has been trying to develop a collaborative relationship with the Social Security Administration, and together with the Rehabilitation Services Administration has been attempting to improve the current reimbursement system, and there has been some progress in this area. If we were able to develop a streamlined reimbursement system, this would increase the amount of fiscal resources available to the Public Vocational Rehabilitation Program for use in maximizing employment outcomes for Social Security Disability Program beneficiaries. For the first time in many years, Social Security has begun the process of evaluating the reimbursement program, and eliminating some of their capacity issues in claims processing.

It is the CSAVR's belief that, once the current reimbursement program is functioning at an optimal level, the nation will have a clearer picture of the efficacy of the Public Vocational Rehabilitation Program and its ability to return beneficiaries to competitive, integrated employment settings consistent with the beneficiary's choice. Although the legislative proposal provides the option for choosing either participation in the employment network or continuation under the current reimbursement system, there is no demonstration of the need for a new system. The Public Vocational Rehabilitation Program serves approximately a half million beneficiaries annually, and as mentioned earlier, 25 percent of all successful rehabilitation closures in the Public Program are beneficiaries. The data from the Rehabilitation Services Administration shows that approximately 73% of these closures, who represent severely disabled individuals, are in competitive employment. These figures demonstrate that the Public Vocational Rehabilitation Program is an open system. These beneficiaries are able to access our services and enter into employment. The problem is that they are not willing to risk the loss of cash and medical benefits by returning to work at the level of Substantial Gainful Activity. They choose to limit their hours, and continue to keep their cash and medical benefits. Work becomes an adjunct to benefits, rather than a replacement.

We strongly believe that the Public Vocational Rehabilitation Program has much to offer in terms of history and experience supporting individuals with disabilities in their return to work efforts, and we would like to work with the Social Security Administration and members of Congress to build on this history. Based on our experience, we have made some recommendations for Social Security Disability Program reform. To address the concerns of the Public Vocational Rehabilitation Pro-

gram in their efforts to maximize employment outcomes for Social Security Disability beneficiaries, we would like to see most, if not all, of the following elements in any legislation:

- Implementation of a sliding scale system for reduced cash benefits for SSDI beneficiaries;
- Protection of medical coverage for SSDI beneficiaries similar to the SSI 1619a and 1619b programs;
- Provision of immediate Medicare coverage;
- Inclusion in any medical insurance package of provisions for personal attendant care services and prescription medications necessary to maintain employment;
- Implementation of an unlimited extended period of eligibility, to ensure that an individual would not have to go through a new eligibility determination for disability benefits as long as their medical condition remained;
- Simplification and full explanation of existing work incentives;
- Assignment of responsibility for development and approval of PASS Plans to Public Vocational Rehabilitation Counselors.

Further recommendations to promote employment outcomes for Social Security Disability Program beneficiaries include:

- Accurate and timely exchange of information between the Social Security Administration and the Public Vocational Rehabilitation Program regarding SSI-SSDI status of persons served by the Public Vocational Rehabilitation Program;
- Evaluation of the significant impact similar benefits have in service delivery to beneficiaries at no cost to the Social Security Administration;
- Provision of more timely reimbursement for successful cases so funds can be re-invested in Vocational Rehabilitation Services.

The CSAVR would like to commend Chairman Bunning and the Subcommittee for their consideration of ways to redesign the Social Security Disability Programs to maximize employment opportunities for beneficiaries. The Public Vocational Rehabilitation Program has been working with beneficiaries since the inception of the Social Security Disability Programs. The Public Vocational Rehabilitation Program provides a comprehensive array of services, partnering with private non-profit and for-profit organizations to provide individualized services to persons with disabilities. We believe that choice of service providers, as well as choice in many other areas such as employment goal, objectives and measures of success, is afforded to each consumer in the Public Vocational Rehabilitation Program.

We would like to stress, however, that the voucher system is an unnecessary step in reform. The development of a new system, based on the assumption that the current system does not work is futile. There is no evidence to suggest that changes to the service delivery system will increase employment outcomes for Social Security Disability Program beneficiaries. All of the evidence supports the need to fix the disincentives, to remove the restraints keeping beneficiaries on the Disability rolls. It is our strong belief that it is the disincentives inherent within the Social Security Disability Programs, not the service delivery system, that is keeping beneficiaries from employment at levels of Substantial Gainful Activity. These disincentives need to be addressed before implementing unproven, costly service delivery models. If systemic disincentives are addressed, a newly streamlined Public Vocational Rehabilitation Program that utilizes an existing Public/Private service delivery system is poised to address the return to work effort for SSDI/SSI beneficiaries.

Chairman BUNNING. Thank you.

Welcome, Mr. Miller and Mr. Mobley. We're glad to have you from Bowling Green.

**STATEMENT OF JOE MILLER, DIRECTOR, LIFESKILLS INDUSTRIES, AND PRESIDENT, KENTUCKY ASSOCIATION OF COMMUNITY AND EMPLOYMENT SERVICES; ON BEHALF OF THE AMERICAN CONGRESS OF COMMUNITY SUPPORT AND EMPLOYMENT SERVICES**

Mr. MILLER. Thank you. Mr. Chairman, Congresswoman Kennelly, and honorable Members of the Subcommittee, thank you for the opportunity to present testimony before you today. My name is Joe Miller. I am the director of LifeSkills Industries, an

employment-service provider that assists people with disabilities, with jobs skills training, support, and placement. My employees and I are dedicated to helping people with disabilities achieve their greatest potential.

I am also the president of the Kentucky Association of Community Employment Services. I'm here today to present testimony on behalf of the American Congress of Community Support and Employment Services. ACCSES is a national organization that represents more than 700 facilities like mine.

Unfortunately, Mr. Chairman, our efforts to help people with disabilities achieve their greatest potential are hampered by Federal laws. I have included in my written testimony statistics about how bad the system is. Out of 4.2 million persons with disabilities receiving SSDI, only one-third of 1 percent find and keep the jobs that earn them more than \$500 a month.

The Federal Government would save \$3 billion for every percentage point of people on SSA's disability rolls placed in gainful employment. If the percentage of employed individuals were increased from one-third of 1 percent to just 10 percent, the government would save almost \$27 billion.

The Ticket to Work and Self-Sufficiency Act includes two provisions that would substantially improve the ability of employment service providers to place people with disabilities in good jobs. The first provision would open up a system that requires people with disabilities to go through their State vocational rehabilitation agency in order to find employment. However, only 1 out of 500 people with disabilities ever get counseling from the VR. Your bill would allow people with disabilities to access appropriate services and supports without having to wait and hope for VRs to act.

The second critical provision provides benchmark payments. Benchmarks would pay set fees to providers for meeting certain goals. Without these payments, the financial risk of providing services for people with disabilities would be too high for most of the Nation's employment service providers. SSA has one program that allows a few people with disabilities to directly access private employment service providers.

Providers like LifeSkills who participate are paid a portion of the savings that accrue to SSA if the job placement is successful. About 270 providers have contracted to participate. Yet, as of March 1, only 22 individuals with disabilities have entered the program. Of those individuals, nine have been placed. Now that's a good ratio. However, the fact that there are only 22 enrollees in this program indicates that many providers can't take on the risk involved in training and placing individuals with disabilities, then waiting a long period of time to be paid, if at all, for their services.

I have the pleasure of being here with Joe Mobley. LifeSkills is helping him through SSA's special program. We are aware of the financial risk involved in helping Joe, but we believe with our support Joe will be able to leave SSA's rolls and become a tax paying citizen. I'm happy to introduce you to Joe, and Joe will tell you his story.

Thank you again for providing me the opportunity to testify, and thank you for this legislation.

[The prepared statement follows:]

**Statement of Joe Miller, Director, LifeSkills Industries, and President, The Kentucky Association of Community and Employment Services; on Behalf of the American Congress of Community Support and Employment Services**

Mr. Chairman, Congresswoman Kennelly and Honorable Members of the Committee:

Thank you for the opportunity to present testimony before you today. My name is Joe Miller. I am the Director of LifeSkills Industries, an employment service provider that assists people with disabilities with job skills training, support and placement. My employees and I are dedicated to helping people with disabilities achieve their greatest potential. Every year, we work with hundreds of disabled individuals, many of whom we help to place in good jobs. I am also the President of the Kentucky Association of Community and Employment Services. KACES represents providers like LifeSkills across the Commonwealth of Kentucky.

I am here today to present testimony on behalf of the American Congress of Community Supports and Employment Services. ACCSES is a national organization that represents more than 700 facilities like mine. ACCSES and KACES do not and have never received grants, contracts or other support from the federal government. LifeSkills Industries of Bowling Green, is currently receiving a \$60,000 grant through the Job Training Partnership Act and has not received any other federal grants or contracts in the past two years. Every year, ACCSES members assist thousands of individuals with disabilities in their efforts to find employment.

Unfortunately, Mr. Chairman, our efforts to help place people with disabilities in meaningful employment are hampered by federal laws. I have included in my written testimony statistics that demonstrate the short comings in the current system. Out of 4.2 million persons with disabilities receiving Social Security Disability Insurance, only one third of one percent find and keep jobs that earn them more than \$500 a month.

For most people, working may be just a matter of waking up in the morning, fixing breakfast, getting dressed, and driving to work. For many people with disabilities, the act of going to work is a far more complicated affair. Many people with disabilities need assistance to fix breakfast or get dressed. People with mobility or cognitive impairments need assistance getting to work. And at work, more assistance may be needed. A person with blindness may need assistive technology to read e-mail messages, an individual with mental retardation may need a job coach, a person with a spinal cord injury may need wide doorways for a wheel chair.

In 1973 and 1990, Congress passed and the President signed legislation that made it the policy of the federal government to assist people with disabilities to become full fledged citizens of the United States. Through section 504 of the Rehabilitation Act and the Americans with Disabilities Act, Congress has declared that people with disabilities should be provided with equal access, equal rights and equal opportunity. And while Congress and the administration have assisted people with disabilities to overcome barriers faced in private industry and society, Congress and the Administration have not adequately addressed serious barriers to employment that continue to exist within the federal government. The process of change is beginning however. Just a few days ago, President Clinton signed an executive order mandating that the Executive Department implement measures to encourage people with disabilities to return to work, and today we are discussing legislation that will go even further.

Ninety-five percent of federal dollars targeted to people with disabilities encourage dependence, not independence. When it was first created, the Social Security Agency's programs for people with disabilities were crafted with the belief that people with disabilities would be forever dependent. Like retirees, it was felt that people with disabilities would never return to work. The people who put the Social Security Agency's disability programs together could not have considered new technologies, medical breakthroughs and advances in providing rehabilitation services for people with disabilities. And so, a system of dependency was instituted that created significant barriers to employment for people with disabilities.

For a lot of people with disabilities, all the new technologies, breakthroughs, and advances in the world cannot help them go back to work. And this is not because of their disabilities—it is because of the system. LifeSkills recently began working with a disabled individual. She wanted to work and we thought we could help her. We found an entry level job for her where she earned \$6 an hour, but then we figured out that after her trial work period, her earnings would actually go down—substantially.

Virginia Commonwealth University studied the problem of the earnings cliff faced by Social Security Disability Insurance (SSDI) recipients and found that people on

SSDI earning \$500 had a monthly net income (including benefits) of about \$1,000. But when SSDI recipients earned \$750 a month, their monthly net income actually went down to \$500. Another earnings cliff exists at about \$1,500 a month when government sponsored health insurance benefits are cut off. At that point people with disabilities are often forced to purchase, at considerable expense, their own health insurance, if it is available to them at all.

The U.S. General Accounting Office found that the federal government would save \$3 billion dollars for every percentage point of people on the Social Security Administration's disability rolls who are placed in gainful employment. If the percentage of employed disabled individuals was increased from one third of a percent to just ten percent, the federal government would save almost \$27 billion.

The Ticket to Work and Self-Sufficiency Act of 1998 is a good first step in resolving some of the most significant barriers faced by persons with disabilities in their efforts to return to work. The most recent information suggests that the nationwide unemployment rate for persons with disabilities is close to 70%. The national unemployment rate for all residents is approximately 4.6%, the lowest it has been in the past 30 years. Of those individuals with disabilities who are unemployed, fully one third would like to find employment. Yet the system we now have prevents this. As I stated earlier, people with disabilities face earnings cliffs. They also face the prospect of losing their government sponsored health insurance coverage which, for many, is absolutely necessary for their survival.

The Ticket to Work and Self-Sufficiency Act addresses both the earnings cliff and the loss of government sponsored health insurance. The "two for one" concept included in this legislation addresses the earnings cliff problem, however, this is just the first step. That provision must, in the future, be applied to all citizens with disabilities and not just those permitted to enter through a mandated demonstration program. The two year extension of Medicare benefits will also help people with disabilities in their efforts to return to work, however, further health care security measures must be instituted, otherwise many people with disabilities will still hesitate to leave the Social Security Administration rolls.

Beyond the earnings cliff and loss of health care insurance is the lack of access to rehabilitation services, as well as the lack of access to job training, support and placement services. Of the 6.6 million persons with disabilities receiving assistance from the Social Security Administration only one out of every twelve or thirteen individuals (or 8%) are referred to State Vocational Rehabilitation Agencies. Of the individuals fortunate enough to be referred, only one out of sixteen individuals (or 0.48% of the total) are actually seen by their State V.R. Agency. In the end, only one out of 500 disabled individuals receive counseling from their State V.R. Agency and only one third of one percent (0.33%) of individuals receiving SSDI are ever able to leave the Social Security Disability rolls due to work. Congress should not accept numbers like this.

Mr. Chairman and Representative Kennelly, your legislation, the Ticket to Work and Self-Sufficiency Act, includes two provisions that would substantially improve the ability of employment service providers to place people with disabilities in meaningful employment. The first provision would open up the system. Currently, people with disabilities must go through their State Vocational Rehabilitation Agency in order to find employment. In short, they have no choices or options. They do not have the ability to access appropriate rehabilitation services or community supports from a provider that they believe will best suit their needs.

There is no "one size fits all" solution to helping people with disabilities. Individuals who are blind require a different set of services than an individual who has mental retardation or a spinal cord injury. Private employment service providers, because they have a wealth of experience and knowledge and have developed programs specifically tailored to different disability groups are best able to support people with disabilities in their efforts to find employment and achieve more independent lives. Mr. Chairman, you have said "The payment process is designed to ensure that as many providers as possible are available to serve consumers," and Ranking Member Kennelly, you have said "People could choose the provider most able to assist them effectively in returning to work." Your legislation would do exactly that.

As I mentioned earlier, only one out of five hundred people with disabilities receives counseling from their State V.R. Agency. These are truly staggering and dismal odds. Your bill would provide people with disabilities with the ability—the choice—to access appropriate services and supports without waiting for their State V.R. Agency to provide counseling or a referral. That is critical if your legislation is to succeed.

The second critical provision would provide milestone payments to facilities that cannot afford to bear financial risks. Almost all employment service and community support providers are not-for-profits. We operate on very slim margins and often re-

quire charitable donations to make up for budget shortfalls. Milestones would pay set fees to providers for meeting certain employment goals for people with disabilities.

Though your legislation leaves it to the Social Security Administration to determine when milestone payments are to be made, I expect, for example, that a payment would be made for the drafting of an employment plan. Without milestone payments, the financial risk of serving people with disabilities would be too high for most of the nation's employment service providers—they are simply too small and run on such slim margins. The most severely disabled individuals who require costly services would, in particular, not be served by risk averse employment service providers. The danger of never receiving payment for services provided to the hardest to place people with disabilities is too great for most providers.

If clients should never reach nine months of substantial gainful activity, providers will not be compensated at all. People with disabilities, and particularly those with severe disabilities, are at a far greater risk than the non-disabled population for medical complications, secondary conditions and even violence. ACCSES is involved in federal efforts to prevent these occurrences because these events can diminish, slow or end a person's ability to return to work.

The Social Security Administration crafted the Alternate Participant Program to allow a few people with disabilities to directly access private employment service providers. Clients are able to contract with providers without waiting for their State V.R. Agency to provide counseling or a referral. Providers, like my facility, who participate are paid a portion of the savings that accrue to the Social Security Administration if the job placement is successful. Success is met if the consumer earns more than the Substantial Gainful Activity income level for more than nine months. About 250 providers have contracted to participate in this program, yet as of March 1, only 22 individuals with disabilities have entered the program. Of those individuals, nine have been placed—that's a good ratio when you consider that only 0.33% of SSDI enrollees leave the Social Security Administration's rolls due to employment. However, the grand total of 22 enrollees in this program indicates that many providers cannot take on the risk involved in training and placing individuals with disabilities, then waiting a long period of time to receive compensation for their services.

I have the pleasure of working with a young man that LifeSkills is helping through the Alternate Participant Program. His name is Joe Mobley. Joe has diabetes and digestive failure. LifeSkills is aware of the financial risk we bear in order to help Joe, but we believe that, with our support, Joe will be able to leave the Social Security Administration's rolls and become a taxpaying citizen. Like Joe, we hope that his progress through our programs is not impeded by medical complications and that he is able to reach his dream of having a good job.

Joe and all people with disabilities should benefit from our nation's commitment to ensure that people with disabilities are made equal. We are not asking for a new hand out. Believe it or not, many people with disabilities would like to be tax paying citizens. Joe wants to take pride in his job and in his participation as an equal and contributing member of our society—just as I take pride in what I do and you take pride in what you do. Congress can and must change the old system of dependency to allow people with disabilities to become independent.

Thank you again for providing me the opportunity to testify before this Subcommittee. I would particularly like to thank Chairman Bunning and Representative Kennelly for their ground breaking legislation. I urge all the members of this subcommittee and Congress to support passage of this legislation.

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### **Statistics on the Employment of People with Disabilities**

- (1) Unemployment rate for persons with disabilities in the United States (1986 and 1994): 67%
- (2) Current unemployment rate for all individuals in the United States: 4.6%
- (3) Percentage of federal funding for persons with disabilities targeted for supporting dependancy: 95%
- (4) Number of persons with disabilities (PWD) receiving Social Security Disability Insurance in 1997: 4.2 million
- (5) Number of persons with disabilities receiving SSDI who were working in Sept 1997: 318,728
- (6) As a percentage of total case load: 6.1%
- (7) Percentage of people with disabilities earning over \$500 after 12 month SSDI trial and grace periods: 0.33%

(8) Approximate monthly net income of an SSDI recipient with earnings of \$500: \$1,000

(9) Approximate monthly net income of an SSDI recipient after trial and grace periods with earnings of \$750: \$500

(10) Number of Persons with Disabilities receiving Supplemental Security Income: 3.1 million

(11) Number of Persons with Disabilities receiving SSI who were working in March 1997: "A few"

(12) Percentage of persons with disabilities receiving support from SSA who are referred to state V.R.s: 8% (13) Ratio of persons with disabilities referred by SSA to state V.R.s to number of referrals actually seen: 16:1

(14) Chances that a person with a disability on SSI or SSDI will see the state VR for return to work counseling: 1 in 500

(15) Chances that a person with a disability on SSI or SSDI would like to return to work: 1 in 3

(16) Total number of persons with disabilities receiving assistance from SSA (accounting for overlap): 6.6 million

(17) Weekly SSI and SSDI disbursements made by SSA to persons with disabilities: \$1.21 Billion (18) Lifetime savings to SSA in SSDI and SSI disbursements for each 1% (66,000) of PWD returned to work: \$3 billion

(19) Number of SSI and SSDI beneficiaries in 1989: 5.5 million; In 1997: 9 million. Percentage increase: 64%

(20) SSI and SSDI disbursements in 1989: \$34.4 billion; In 1997: \$62.9 billion. Percentage increase: 83%

1, 3 "Achieving Independence: The Challenge for the 21st Century," National Council on Disability, July 26, 1996.

2 February 1998—U.S. Department of Labor, Bureau of Labor Statistics.

4, 10, 11, 12, 15, 16, 17, 18: "Social Security: Disability Programs Lag in Promoting Return to Work," March 17, 1997, U.S. General Accounting Office.

5, 6: "Quarterly Report on SSI Disabled Workers and Work Incentive Provisions," September 1997, SSA, Office of Research, Evaluation and Statistics.

7 "Removing Barriers to Work: Action Proposals for the 105th Congress and beyond," National Council on Disability, September 24, 1997. (data from April 1996 analysis by the SSA Office of Disability for individuals under 59)

8, 9: Employment Support Institute, Virginia Commonwealth University. Study cited in "Social Security Disability: Improving Return-to-Work Outcomes Important, but Trade-Offs and Challenges Exist," September 1997, U.S. General Accounting Office.

13, 14, 19, 20: Fallavollita, B., & Bordelon, B., "Social Security Disability Programs Lag in Promoting Return to Work," *National Association of Rehabilitation Professionals in the Private Sector Journal*, October 1997.

Chairman BUNNING. Mr. Mobley, would you like to speak?

**STATEMENT OF JOE MOBLEY, CLIENT, LIFESKILLS INDUSTRIES**

Mr. MOBLEY. Mr. Chairman, Congresswoman Kennelly, and honorable Members of the Subcommittee—

Chairman BUNNING. Please move the microphone closer, so we get it recorded. Thank you.

Mr. MOBLEY. My name is Joe Mobley. It is an honor for me to be here to present testimony. It makes me proud to be an American citizen.

For most people, working may be just a matter of waking up in the morning, fixing breakfast, getting dressed, and driving to work. But for many people with disabilities, including myself, it is more complicated than that. Many of us need assistance to fix breakfast, get dressed, go to work—things people take for granted.

And the system makes it even harder for people with disabilities to go to work. Seventy percent of us are unemployed. I'm one of the lucky ones. SSA has contracted with LifeSkills to join the alternate participant program. I am one of the 22 people with disabilities in

the entire country who has been given the chance to find a good job due to the program. I have Susan Daniels at SSA and LifeSkills to thank for that.

Joe Miller and I know that there is a financial risk involved in helping me. LifeSkills found a job for one participant in this program who had to quit because she would have lost more benefits than the money she was making. Even though Joe's staff worked with her and helped her find a job, LifeSkills won't get paid for that. LifeSkills may not get paid for me either, even if something like a medical complication happens.

There are a lot of people like me in this country. We want to be employed. We want to take pride in our jobs, but my VR didn't help me, and if it weren't for the alternate participant program and Joe taking a chance on me, I wouldn't be here telling you about how bad the system is.

People like me shouldn't have to wait for VR to provide counseling. We should be allowed to go to a private facility and get the support we need to go to work, and providers like Joe shouldn't have to take a big risk to help people with disabilities find employment.

Mr. Chairman and Congresswoman Kennelly, I want to thank you for recognizing this problem. I urge the other Members of this Subcommittee to support your bill, and so that people with disabilities have the opportunity to take pride in their work, just like you do.

Thank you.

[The prepared statement follows:]

**Statement of Joe Mobley, Client, Lifeskills Industries**

Mr. Chairman, Congresswoman Kennelly and Honorable Members of the Committee:

My name is Joe Mobley. It is an honor for me to be here to present testimony. It makes me proud to be an American citizen.

For most people, working may be just a matter of waking up in the morning, fixing breakfast, getting dressed, and driving to work. But, for many people with disabilities, including myself, it's more complicated than that. Many of us need assistance to fix breakfast, get dressed, go to work—things most people take for granted.

And the system makes it even harder for people with disabilities to go to work. Seventy percent of us are unemployed! I'm one of the lucky ones. SSA contracted with Lifeskills to join the Alternate Participant Program. I am one of only 22 people with disabilities in the entire country who has been given a chance to find a good job through this program.

I have Susan Daniels at SSA and LifeSkills to thank for that. But, Joe Miller and I know that there is a financial risk involved in helping me.

LifeSkills found a job for one participant in this program who had to quit because she would have lost more benefits than the money she was making. Even though Joe's staff worked with her and helped her find a job, LifeSkills won't get paid for that. LifeSkills may not get paid for me either if something like a medical complication happens.

There are a lot of people like me in this country. We want to be employed. We want to take pride in our jobs. But my V.R. didn't help me and if it weren't for the Alternate Participant Program and Joe taking a chance on me, I wouldn't be here telling you about how bad the system is—I'd be living how bad the system is.

People like me shouldn't have to wait for their V.R. to provide counseling. We should be allowed to go to a private facility and get the supports we need to go to work. And providers like Joe shouldn't have to take a big risk to help people with disabilities find employment.

Mr. Chairman and Congresswoman Kennelly, I want to thank you for recognizing this problem. I urge the other members of this Committee to support your bill so that people with disabilities have an opportunity to take pride in their work—just like you do.

Chairman BUNNING. Thank you very much.  
Ms. Tishman.

**STATEMENT OF FRANCINE M. TISHMAN, EXECUTIVE DIRECTOR, EDWIN W. MARTIN, JR. CAREER AND EMPLOYMENT INSTITUTE, NATIONAL CENTER FOR DISABILITY SERVICES; AND MEMBER, BOARD OF DIRECTORS, INTERNATIONAL ASSOCIATION OF BUSINESS, INDUSTRY, AND REHABILITATION (INABIR)**

Ms. TISHMAN. Thank you. Good afternoon, Mr. Chairman and Members of the Subcommittee. My name is Francine Tishman, and I'm the executive director of the Career and Employment Institute, a division of the National Center for Disability Services, located in Long Island, New York.

National Center is dedicated to empowering children and adults with disabilities to fulfill their academic and professional potential through education, training, and employment. I am here today as a representative of my own organization and as a member of the board of directors of INABIR, the Inter-National Association of Business, Industry, and Rehabilitation, which is comprised of more than 100 Projects with Industry programs across the country.

I want to thank you, Congressman Bunning and Representative Kennelly, and other Members of the Subcommittee, for your efforts over the last several years to create increased opportunities and incentives that will facilitate employment among SSDI and SSI recipients. Your bill addresses the most significant obstacles that confront SSA recipients with disabilities and providers of placement services.

Statistics continue to demonstrate the devastating reality for 16.9 million persons with disabilities who have stated their desire to work. Of that number, only 4.5 million are employed, leaving almost 11.5 million without employment and dependent on benefit programs. Under the current system, less than one-half of 1 percent of all SSA recipients with disabilities become employed each year and leave the rolls.

National Center has more than 30 years of experience in placing persons with disabilities into competitive employment. Over those years, I estimate that we have assisted more than 10,000 persons to achieve employment, but during those years we have been, and continued to be, most challenged by persons who are Social Security recipients. Of the total number of people we serve each year, approximately 25 percent are recipients of Social Security benefits.

My organization and PWIs across the country have the desire to assist recipients to go to work. The major difficulties under the current system are: Receiving direct SSA referrals, reimbursement under the current system, which is not a fiscally sound proposition for most of the Nation's nonprofit organizations, and finally, the authority remains within the State VR system to retain a case for 4 months before referring it to an alternate provider.

Projects with Industry programs have an outstanding record of success. In citing recent statistics, in just 1 year, 11,000 persons

were placed into full- and part-time competitive jobs. Collectively, they earned over \$112 million, paid almost \$16 million in taxes, and saved SSA programs a little more than \$15 million.

The local economies across the country were stimulated at a rate of \$3 for every dollar that SSA recipients earned. Or better stated, that represents almost \$340 million each year going into local economies.

We know that PWIs can play a significant role in assisting SSA beneficiaries to become employed because we recognize that both job seekers with disabilities and employers are our customers. SSA recipients have not been specifically targeted as a service population by PWIs and by other providers, due to the referral and reimbursement constraints under the current system. Projects with Industry transcend the traditional model of vocational service delivery systems by creating and maintaining strong partnerships with the business community in order to enhance and expand job opportunities in the primary labor market.

Projects with Industry is perhaps the single most accountable program supported by the Federal Government through the Department of Education Rehabilitation Services Administration. PWIs must meet rigorous standards and indicators and are among the most creative in developing strategies to recruit and serve individuals with severe disabilities.

Our center operates PWI placement programs in conjunction with Centers for Independent Living in seven cities. Centers for Independent Living provide other support such as housing and transportation assisting, peer counseling, and independent living skills in order to enhance employment potential. Our PWI expertise in working with the business community, along with the strong consumer focus service delivery of Independent Living Centers, are catalysts in overcoming the barriers to employment independence.

The bill clearly reflects the respect for the individual, as well as the concern about its realistic implementation. SSA recipients seeking employment will clearly have independence and authority and the resources needed to achieve their employment goals.

While creating opportunities, the bill also targets long-overdue reform of significant work disincentives. Extended Medicare coverage, task credits for disability-related work expenses, and the gradual reduction of benefits are all necessary tools to achieve the Subcommittee's goals.

From the provider perspective, we are especially pleased that the bill includes an earn-as-you-serve system that will now enable more alternate providers to bring their expertise and talents to addressing our country's significant unemployment rate among SSDI and SSI recipients.

I cannot conclude my remarks without expressing some concerns about the time it will take to fully implement the provisions of the bill, and to stress to you that recipient disincentives must be eliminated simultaneously with the initiation of provider incentives.

My final words congratulate you all and your staff for addressing these major obstacles and for demonstrating your understanding of what needs to be done to help people with disabilities on SSI and SSDI who want to work get to work. I am certain that the expansion of the provider pool made possible by this bill will have a di-

rect and immediate impact on the level of employment and the strength of our economy.

The National Center and Projects with Industry across the country are eager to support you and to assist the Social Security Administration in implementing this outcome-oriented program. Thank you.

[The prepared statement follows:]

**Statement of Francine M. Tishman, Executive Director, Edwin W. Martin, Jr. Career and Employment Institute, National Center for Disability Services; and Member, Board of Directors, the Inter-National Association of Business, Industry, and Rehabilitation (INABIR)**

Good afternoon Mr. Chairman and members of the Subcommittee. My name is Francine Tishman and I am the Executive Director of the Career and Employment Institute, a division of the National Center for Disability Services located in Long Island, New York. NCDS is dedicated to empowering children and adults with disabilities to fulfill their academic and professional potential through education, training and employment. I am here today as a representative of my own organization and as a member of the Board of Directors of the Inter-National Association of Business, Industry and Rehabilitation (I-NABIR) comprised of more than 100 Projects With Industry Programs across the country.

I want to thank you, Congressman Bunning, Congresswoman Kennelly and other members of the Subcommittee for your efforts over the last several years to create increased opportunities and incentives that will facilitate employment among SSDI and SSI recipients. Your Bill addresses the most significant obstacles that confront SSA recipients with disabilities and providers of placement services.

Statistics continue to demonstrate the devastating reality for 16.9 million persons with disabilities who have stated their desire to work. Of that number, only 4.5 million are employed, leaving almost 11 million without employment and dependent on benefit programs. Under the current system, less than one half of one percent of all SSA recipients with disabilities become employed each year and leave the roles.

Our organization has more than thirty years of experience in placing persons with disabilities into competitive employment. Over those years, I estimate that we have assisted more than 10,000 persons with disabilities to achieve employment. But during those years we have been, and continue to be, most challenged by persons who are Social Security recipients. Of the total number we serve each year, approximately 25% are recipients of Social Security benefits. My organization and PWI's across the country have the desire to assist SSDI/SSI recipients to go to work. The major difficulties under the current system are:

- Impossibility of receiving direct SSA referrals
- Reimbursement under the current system is not a fiscally sound proposition for most of the nation's non-profit providers
- Authority remains with State VR to retain the case for 4 months before referring to an alternate provider.

Projects With Industry programs have an outstanding record of success. In citing recent statistics, in one year, 11,000 persons with disabilities were placed into full and part-time competitive jobs. Collectively they earned \$112,200,000; paid \$15,708,000 in taxes; and saved SSA programs \$15,246,000. Local economies were stimulated at a rate of \$3 for each \$1 earned—or better stated \$336,600,000/yr.

We know that PWI's can play a significant role in assisting SSA beneficiaries to become employed because we recognize that both job seekers with disabilities and employers are our customers. SSA recipients have not been specifically targeted as a service population by PWI's and by other providers due to the referral and reimbursement constraints under the current system.

Projects With Industry transcends the traditional model of vocational service delivery systems by creating and maintaining strong partnerships with the business community in order to enhance and expand job opportunities in the primary labor market. Projects With Industry is perhaps the single-most accountable program supported by the federal government (U.S. Department of Education, Rehabilitation Services Administration). PWI's must meet rigorous standards and indicators and are among the most creative in developing strategies to recruit and serve individuals with severe disabilities.

NCDS operates placement programs in conjunction with Centers for Independent Living which provide other supports such as housing and transportation assistance, peer counseling and independent living skills training in order to enhance employment potential. Our PWI expertise in working with the business community along

with the strong consumer focussed service delivery system of independent living centers are catalysts in overcoming the barriers to employment and independence.

The Bill clearly reflects respect for the individual as well as the concern about its realistic implementation. SSA recipients seeking employment will clearly have independence and the authority and the resources needed to achieve their employment goals. While creating opportunities, the Bill also targets long overdue reform of significant work disincentives. Extended Medicare coverage, tax credits for disability related work expenses and the gradual reduction of benefits are all necessary tools to achieve the Subcommittee's goals.

From the provider perspective, we are especially pleased that the Bill includes an "earn as you serve" or milestone reimbursement system that will now enable more alternate providers to bring their expertise and talents to addressing our country's significant unemployment rate among SSDI/SSI recipients.

I cannot conclude my remarks without expressing some concerns about the time it will take to fully implement the provisions of the Bill. Recipient disincentives must be eliminated simultaneously with the initiation of provider incentives. I cannot stress strongly enough that the success of this new initiative is dependent upon the effectiveness of its implementation strategies.

My final words congratulate you all and your staff for addressing these major obstacles and for demonstrating your understanding of what needs to be done to help people with disabilities on SSDI and SSI who want to work . . . get to work. I am certain that the expansion of the provider pool made possible by this Bill will have a direct and immediate impact on the level of employment and the strength of our economy.

Thank you.

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Chairman BUNNING. Thank you, Ms. Tishman.

I will start out. Mr. Miller, you mentioned that there are many risks involved in providing services to people with disabilities under the alternative participant program. Since LifeSkills is participating in this program, can you tell us why you are helping Mr. Mobley and other consumers, in spite of the risk?

Mr. MILLER. We feel that we are large enough to accept some of that risk. We're also very confident that the people that we work with who have disabilities are able to work in the community and that we can be successful in placing them.

Chairman BUNNING. All right. There are plenty of other questions. Let me get back to general questions for the whole panel.

As you may know, and most of you already have said something about this, our bill allows for the employment network to choose between two reimbursement systems—one being based on outcomes only, and the other being based on achieving milestones and outcomes. We define outcomes as no longer being eligible for cash benefits. We do leave it up to the Commissioner, with advice from the advisory panel, to set up this milestone payment process.

What advice would you give us, and give the Commissioner, as to how to set up the milestone payment plan? Anyone?

Mr. SHEDLIN. Well, NARPPS has taken the position that there can be several different milestones. One could be at the implementation of an individualized rehabilitation plan. Another could be at the point where the individual actually returns to work, and then at the actual outcome that you would utilize in the outcome-based plan. We'd look at those three spots as making it feasible for all rehabilitation counselors in the private sector, large or small, to be able to participate in this program.

Chairman BUNNING. Anyone else?

Mr. MILLER. I believe the same three elements: When one signs to a plan, when one begins work, and at the successful conclusion.

Ms. TISHMAN. I would agree, except to say that in delivering individualized services, those milestones will occur over different time periods in people's lives. But, basically, something that does not rely necessarily just on venture capital of nonprofit organizations, of which we have none to contribute, would really bring more people into our systems, and obviously, we have been delivering outcomes for many, many years, would allow us to bring these services to individuals right now that we're not targeting, and for that reason.

Mr. BURNS. Mr. Chairman, if I could just respond to that question—

Chairman BUNNING. Go ahead.

Mr. BURNS. Currently, as you're aware, the public VR agency operates under—we're reimbursed after the individual terminates benefits, after they meet the substantial gainful; that's kind of the playingfield that we've operated under now.

We in Maryland do work with community providers and are implementing a system that develops milestones in terms of payment relative to job development, job placement, and followup, as one of the other speakers commented. That seems like a very doable and workable approach.

The only thing I would caution the Subcommittee on, that there have been—public VR agencies have experienced major problems in receiving reimbursement from Social Security under the current system, when the individual goes off of benefits. So any system that would have to be implemented, the critical feature is the capacity for Social Security to monitor, reimburse, and is doable, and we found that the current system results in some problems.

Chairman BUNNING. Thank you.

Barbara.

Mrs. KENNELLY. Ms. Tishman, you mention that the State has the case for 4 months before it can be referred. In your experience, does the State refer or does the nonprofit have to go after the case? How does it work?

Ms. TISHMAN. Well, since we're not out recruiting for individuals—they're referred to us—and we don't know at what point within that 4 months or after that 4 months they're referred to us, if they're coming through the regular VR system. They are not referred to us specifically as an individual who is on a Social Security benefit program. That's just incidental information and data that we gather about the individual as they come to us.

Mrs. KENNELLY. One of our earlier witnesses said that there's a lack of information about the benefits available to individuals. Do you think that they know after 4 months they can go to another agency?

Ms. TISHMAN. I really couldn't attest to that. I'm not certain about that. I would think it was more in the hands of the VR counselor as opposed to the individual who's seeking the service.

Mrs. KENNELLY. Thank you.

Mr. Burns, I asked about your figures earlier, and I was wondering if you wanted to take the opportunity to explain the difference

between your 53,000 figure and the 8,000 beneficiaries which SSA reimburses?

Mr. BURNS. Yes, Mrs. Kennelly, and Susan Daniels, I think, began to answer that question. The 210,000 figure are the total number of individuals that we returned to employment. Again, that's in a broader rehabilitation program that includes both SSA beneficiaries and just persons with disabilities not receiving Social Security. As I stated in my testimony, about 25 percent of the 210,000 individuals, or just over 52,000 individuals that we rehabilitated, were beneficiaries of Social Security.

And you heard some consumers speak to what occurs—is that consumers will take part-time employment, so that they do not hit the substantial gainful threshold, and that, I mention in my testimony, is a very, very real issue—the critical issue of why it is not working to the degree that we all want it to work—you want it to work; the public VR agencies want it to work, and consumers want—are the economic disincentives around health care and cash benefits. Those are the critical issues that need to be addressed to have a successful return-to-work program.

Mrs. KENNELLY. Thank you, Mr. Burns. Thank you, Mr. Chairman.

Chairman BUNNING. That's why we have it in our bill. That's why there are two alternative programs that you and the private rehabers will be able to work with. So we're not leaving you out of the loop at all.

Mr. BURNS. The only concern, Chairman Bunning, on that is, again, you're setting up a two-track system, where my experience, as both a practitioner, a rehab counselor, and as an administrator, it works best when we collaborate. It's when we work together as a public VR agency and community rehabilitation providers—

Chairman BUNNING. Are you telling me, then, that you could do the job by yourself if we took and made these disincentives disappear?

Mr. BURNS. I'm saying that is the major problem for return-to-work for SSA beneficiaries. We would never do any rehabilitation by ourselves. We work in collaboration with community providers. Again, they have a certain expertise. They've talked about their linkages with business, their placement abilities, their flexibility. But public VR agencies also have certain capacities to link-in and fund other services that are not typically provided by community rehabilitation programs.

Chairman BUNNING. Almost every consumer that has testified here has testified that health care, extension of health care coverage, is number one.

Mr. BURNS. I would agree. Health care, number one; cash benefits, number two.

Chairman BUNNING. We want to thank you all. It's impossible for some of the Members of the Subcommittee, obviously, to be here today. Therefore, we may be submitting additional questions in writing for you to answer for the record.

[The following was subsequently received:]

**Questions and Subsequent Answers from Mr. Shedlin**

1. We thank you for your testimony and your many positive comments about this legislation. Your organization represents 3,200 member groups. Do you see real in-

terest by your membership in terms of enrolling in the program as either an employment network or a program manager?

1. The members of NARPPS unquestionably have an interest in enrolling in the program. A majority of our larger members will choose to enroll in the program as program managers and our smaller members (which comprise the largest part of our membership) will most likely select to become an employment network. The interest of our members has been demonstrated by the large number of providers who completed the RFP for the Alternate Participant program (although mostly our larger members due to the lack of milestone payments) and by the active involvement of our membership and the NARPPS Board in working with the Subcommittee staff regarding the introduction of this bill and our hope for the bill to be enacted into law.

2. You may have heard Ms. Webb suggest that the legislation should not require the Commissioner of Social Security to develop selection criteria for employment networks, including professional and government certifications. What are your views on this suggestion?

2. My understanding of Ms. Webb's comments regarding the selection criteria for an employment network was her opinion that the consumer could decide on their own who is or is not a capable provider. It is the NARPPS position that well educated, certified and experienced professionals should be selected for the employment network but we take no position as to whom should develop the selection criteria. We agree with Ms. Webb that consumers are capable of making their own choice of providers from the providers designated as an employment network.

3. As you may know, our bill allows for the employment network to choose between two reimbursement systems, one being based on outcomes only, and the other being based on achieving milestones and outcomes. We define outcomes as no longer being eligible for cash benefits. We do leave it up to the Commissioner, with advice from the Advisory Panel, to set up this milestone payment process. What advice would you give the Commissioner as to how to set up the milestone payment plan?

3. NARPPS would advise the Commissioner that milestone payments be provided to the employment network at the time that a return to work plan has been developed by the recipient and the provider, at the initial job placement, and that final payment should be made when the recipient is no longer eligible for cash benefits.

4. I understand that the State Vocational Rehabilitation (VR) agencies receive priority referral of SSDI and SSI beneficiaries for services. Last year, SSA implemented an Alternate Participant program that allows private sector providers to serve SSDI and SSI beneficiaries who have been turned down by the State VR agencies. While this program seems to be a move in the right direction, I've heard there have been difficulties. Can you describe your experiences with the Alternate Participant program?

Follow-up: Are their lessons learned that we should address in this legislation?

4. The Alternate Participant program is definitely a step in the right direction. Missing from the program is the option of milestone payments to providers, which effectively precludes all but the largest private companies from participating and thus limiting the amount of qualified providers available to recipients. Also missing from the programs are incentives such as tax credits and extended health benefits for the recipient. As H.R. 3433 addresses these issues, NARPPS believes that when enacted and fully implemented, it will serve as a significantly more effective program than the Alternate Participant program.

The lesson to be learned, as NARPPS sees it, is for consumer choice, consumer incentives and broadening the section of qualified professionals available to assist the recipients in finding gainful employment.

#### **Questions and Subsequent Answers from Mr. Burns**

1. Is it true that State Vocational Rehabilitation (VR) agencies define successful rehabilitation as the beneficiary working and earning over \$500 a month for 9 months?

Follow-up: Most people would define successful rehabilitation as getting a job, maintaining that job, and ultimately coming off the Social Security rolls. The bill's payment system rewards providers in such a way that the provider will continue providing employment supports well after 9 months of earning over \$500 a month. In fact, the bill rewards providers up to 5 years as long as the individual is off the rolls because of work activity. Do State VR agencies continue working with beneficiaries after they have been reimbursed for an individual?

The definition of a "successful rehabilitation" in the national public VR program is defined by federal law and regulation, not by state agencies. According to federal regulations (Section 361.56) promulgated by the U.S. Department of Education the following requirements must be met in order to claim a successful employment out-

come: (a) The provision of services under the individual's IWRP has contributed to the achievement of the employment outcome; (b) The employment outcome is consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice; (c) The employment outcome is in the most integrated setting possible, consistent with the individual's informed choice; (d) The individual has maintained the employment outcome for a period of at least 90 days; (e) At the end of the appropriate period under paragraph (d) of this section, the individual and the rehabilitation counselor or coordinator consider the employment outcome to be satisfactory and agree that the individual is performing well on the job.

State VR agencies also participate in the Social Security reimbursement program for our clients who are Title II and Title XVI beneficiaries. In those instances, success is defined and determined by Social Security law and regulations which is the maintenance of employment that leads to the termination of Social Security benefits.

Finally, state VR agencies can and do provide rehabilitation services to individuals after they have terminated Social Security benefits. The agency can provide those services under a "post-employment" option or can open a new service case if the individual is requesting a new and substantive Individualized Written Rehabilitation Program (IWRP).

2. You say that State VR agencies serve approximately a half million beneficiaries per year. Yet, in 1996, State VR agencies were reimbursed for only a little over 6,000 beneficiaries. I think that equates to about a 1% success rate. Recognizing that fear of losing health care benefits and cash benefits contribute to beneficiaries' reluctance to work, what are the keys to success, in your experience, that do enable an individual to work for beyond the 9-month trial work period?

The critical element in a successful return to work program is the availability of work incentives that are effective, flexible, and do not result in a loss of a benefit until the individual with a disability can afford to or can accommodate the loss of the benefit. The current Social Security law and regulations *do not* provide effective, flexible, or non-punitive work incentives.

Legislation, to be effective, must eliminate the so-called "earnings cliff" and other powerful disincentives that exist in the current law. True work incentives would permit a graduated loss of benefits, both health care and cash, to assure that SSA beneficiaries only lose benefits after they have achieved an adequate level of self-sufficiency. In addition, work incentives should be flexible to permit the individual to return to a beneficiary status expeditiously if the employment situation fails.

Social Security law, regulations, and policy maintain a bias of "all or nothing." In SSA's view, the individual is either totally disabled or they are not disabled. This is a very significant shortcoming of the Social Security program; its failure to support the fact that persons with very severe disabilities can work, but may require an accommodation in order to do so. The accommodation that is required is a program of work incentives that is effective, understandable, and non-punitive.

An example of this bias within Social Security is the data presented by SSA that state VR agencies in 1996 were reimbursed for only a little over 6,000 beneficiaries. This figure greatly underestimates the number of beneficiaries that went to work as a result of VR services because it does not include individuals that use the existing, albeit ineffective, work incentives that are currently available (e.g., 1619 A and B waivers, PASS) or individuals that deliberately keep their earnings under the SGA so they do not fall off the "cliff" in terms of the loss of benefits on which they are dependent. Over and above the 6,000 beneficiaries reimbursed annually by SSA, an additional forty thousand (40,000) plus SSI/DI beneficiaries go to work each year as a result of the work of the public VR program. The disincentives which exist in current SSA law encourage these individuals to limit or leave their work in order to retain benefits.

Additionally, the record should reflect the following:

- 16,000 represents the number of claims SSA is able to process, not the number of claims eligible for reimbursement
- VR agencies have increased the number of claims submitted for reimbursement by 21.5% since FY 96
- VR agencies have increased the number of claims submitted for reimbursement by 40% since FY 96

3. You mention that currently, the State Disability Determination Services refer 10 to 15% of their applicants. Why is this percentage so low? Have VR agencies and State DDSs worked together in the past to see how they could increase the referral rate? In fact, don't the majority of State DDSs report directly to the State VR Director?

The core issue is not the percentage of applicants referred or the referral rate. Both of those measures could be substantially increased and not impact the number

of beneficiaries that go to work. The core issue is *when* individuals are referred for vocational rehabilitation services and *who* is referred. Traditionally both those issues (when and who) have been controlled by Social Security through its program operations manual system (POMS) under which state DDS agencies are required to operate. Although a number of state DDS agencies report to the State VR Director, Social Security has maintained very strong operational control, at a policy level, regarding all elements of administration.

Clearly, the time the individual is most receptive to participate in vocational rehabilitation services is *not* after struggling with the SSA system for 1, 2, or 3 years, and finally being determined as "totally and permanently" disabled from working.

Additionally, SSA needs to reexamine its POMS guidelines regarding appropriate referrals to VR. Nationally, 65–70% of SSI and SSDI claims are denied. It is not unusual or unexpected, therefore, to see state DDS agencies making significantly more referrals of "denied" claimants than "allowed" beneficiaries. By weighting the referral pool to state VR services of "denied" claimants, the current system fails to get what should be the targeted group (allowed beneficiaries) efficiently into the service delivery system.

4. You suggest an evaluation is necessary to determine the optimal time for a referral for rehabilitation services. How would you see such an evaluation working? Under this legislation, the individual receives the ticket once they are allowed benefits and upon a CDR. They then decide when to choose to use the ticket. Isn't the consumer in the best position to decide when it is best for them to take advantage of the ticket?

As a practical matter, at present 40% of SSI/DI beneficiaries served by the Public Vocational Rehabilitation program are walk-in or self referrals. In contrast, only 4% of SSI/DI beneficiaries known to the Public VR program were referred by SSA or the state DDS agency. The reality is that beneficiaries are already exercising their choice of when and how to participate in a rehabilitation program. This again illustrates that the underlying barrier to an effective SSA return to work program is the availability of effective, flexible, and non-punitive work incentives.

We would recommend that SSA utilize a pilot program to study the success rate of making referrals to state VR services at an earlier point than when the claim is fully adjudicated (which is the current SSA policy). There is a widely held belief that if the referral of appropriate individuals for VR services was done earlier in the process, rather than at time of final decision, the success rate in attaining SGA would be increased. Under a pilot program, in instances of a "presumed determination" (PD) of eligibility for benefits by the SSA worker at time of application, an individual would be referred immediately by the local SSA office for state VR services. The pilot would examine the success rates for attaining SGA for referrals from the pilot versus "end-of-process" referrals.

5. You make what I consider a good recommendation—that SSA take the opportunity at every contact with a beneficiary to reinforce and promote employment. Can you provide more specific information on how SSA should go about promoting employment?

Through a systematic process analysis, SSA should determine the "critical junctures" that its staff and organization interact with claimants, beneficiaries, and the general public to determine when and how information on employment and VR services is presented. The information can be as discreet as public service announcements (PSAs) relative to persons with severe disabilities working, to very specific information on the VR process and resources for a claimant or beneficiary to consider.

There are significant potential benefits of a very aggressive and sustained public information and outreach approach that emphasizes disability benefits as a dynamic and flexible system rather than a permanent lifelong benefit for all beneficiaries. First, it begins to frame a national policy debate around the issue of disability and employment, i.e., that the concepts are *not* mutually exclusive and in fact the expectation is that persons with disabilities work and have meaningful careers. Secondly, the approach would begin to change the Social Security law which also sees and supports disability as a permanent inability to work thereby "creating" a permanent barrier to employment.

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### Questions and Subsequent Answers from Mr. Miller

1. Mr. Miller, you mention that the two year extension of Medicare benefits will help, however you also say that further health care security measures must be instituted. What measures are you referring to?

Question one concerning further health care security measures:

There needs to be an allowable buy-in to either Medicare or Medicaid, depending upon the need, to provide wrap around coverage. The ability to have needed services not otherwise covered under an employers insurance program would enable those individuals who have that need to remain employed and productive. Personal attendant services would be an example of this need. Mr. Chairman as you are aware the fear of losing health care benefits and the inability to obtain affordable medical insurance is one of the major deterrents to people leaving the SSI/SSDI system. Individuals fear the difficulty in reinstating Medicare/Medicaid, when a medical problem reoccurs and they lose their job and their health insurance.

2. As you may know, our bill allows for the employment network to choose between two reimbursement systems, one being based on outcomes only, and the other being based on achieving milestones and outcomes. We define outcomes as no longer being eligible for cash benefits. We do leave it up to the Commissioner, with advice from the Advisory Panel, to set up this milestone payment process. What advise would you give the Commissioner as to how to set up the milestone payment plan?

Question two as to how to set up the milestone payment plan:

I think most of us realize that besides reaching SGA there are two other defining points or milestones. The first would be the actual signing of the individualized employment plan. This is a moment of success because the individual and the provider have developed and agreed to a path or plan that results in the individual becoming as independent and self sufficient as possible. The next milestone would be the employment date for the job that is developed and expected to lead to SGA. Once SGA is achieved the current proposal that there would be a payment for each month the individual does not receive a benefit payment due to work activity for up to 60 months should be maintained. It should not be expected for Providers to assume all the financial risk. There is a substantial benefit available not only in a reduction of the monetary cost of SSI/SSDI, but also to society and the economy as a whole. It has been my experience that endeavors that can be undertaken as a win-win situation for everyone involved will have the greatest chance of success.

3. I understand that the State Vocational Rehabilitation (VR) agencies receive priority referral of SSDI and SSI beneficiaries for services. Last year, SSA implemented an Alternate Participant program that allows private sector providers to serve SSDI and SSI beneficiaries who have been turned down by the State VR agencies. While this program seems to be a move in the right direction, I've heard there have been difficulties. Can you describe your experiences with the Alternate Participant program?

Follow-up: Are their lessons learned that we should address in this legislation?

Question three, experiences with the Alternate Participant program:

The actual process to become an Alternate Participant is very lengthy and difficult to understand and complete.

A real fear from the beneficiaries of losing medical benefits if they go to work.

Local SSA offices need to be more familiar with the Alternate Participant program and be able to answer questions concerning a particular case as it pertains to the program.

Preliminary information as to the benefits being received by the beneficiary needs to be available. Beneficiaries are not always sure of the mix of benefits they are receiving.

The information on the bulletin board needs to be more user friendly. The format for referrals is such that the alternate participant must each month wade through a sea of numbers to see if anyone has been taken off or added.

Some individuals are referred who are already receiving VR services.

SSA Publication No. 05-10050, How Social Security Can Help With Vocational Rehabilitation, has wording under Refusal to Accept Rehabilitation Services that scares people into thinking they are going to lose their benefits, even if they are not able to participate.

Lessons learned that could be addressed in this legislation:

As we are all aware, the benefit of going to work has to outweigh the benefit of continuing to receive SSI/SSDI. The \$1 reduction for each \$2 earned along with extended medical coverage is the right direction.

The Alternate Participants should not be required to assume all the risk. If that remains the case then the number of individuals under the Alternate Participant program will continue to be small.

Informing and educating beneficiaries as to the services available. It is important that SSI/SSDI beneficiaries understand and believe that the system can help them and that there are choices available to provide those services.

### Questions and Subsequent Answers from Ms. Tishman

1. You mention that Project With Industries recently, in one year, placed 11,000 persons with disabilities into full and part-time jobs. Of these how many were SSDI beneficiaries and how many were SSI beneficiaries?

Follow-up: Do you foresee Project With Industries programs being interested in becoming employment networks?

Follow-up: What are the unique needs of SSI and SSDI beneficiaries based on your experience?

1. *Number of SSDI and/or SSI recipients who receive Projects With Industry Services:*

The Rehabilitation Services Administration initially required PWI's to determine whether recipients of PWI services were receiving SSDI or SSI when they were placed into employment. At that time (early 1990's) PWI's reported that approximately 2,420 (22%) of the 11,000 persons placed in one year had been receiving SSDI or SSI. RSA no longer requires this information to be tracked. However, our national PWI organization, I-NABIR, reports that those PWI's who do continue to track this information report that the percentages have remained about the same. I would assume that, based on the reporting relationship between RSA, the State VR programs and PWI's, that these numbers were included in those reported to your committee by CSAVR. My organization, the Career and Employment Institute, continues to track this information and during the last project year, 170 or 27%, of all persons we placed were SSI/SSDI recipients.

Projects With Industry programs are extremely interested in becoming employment networks. PWI programs have clearly demonstrated their ability to achieve successful outcomes with SSDI and SSI recipients. PWI's have a very strong partnership with the business community through their business advisory councils, which have lead to meaningful employment for tens of thousands of persons with disabilities. PWI's also encompass a wide spectrum of providers including organized labor, trade associations and foundations, community colleges, for-profit providers and community rehabilitation programs. The Career and Employment Institute for instance, is utilizing centers for independent living as placement assistance sites. Our PWI expertise in working with business along with the strong consumer focused service delivery system of independent living centers are catalysts in overcoming the barriers to employment and independence. In serving SSI and SSDI recipients we are most challenged by concern regarding their medical coverage and anticipated accompanying work related expenses. Most individuals would be more amenable to job pursuits if they had a better understanding of the benefit system.

2. You mention your concern that about the time it will take to fully implement the provisions of the bill. How quickly a ramp-up time do you believe is realistic?

2. *Ramp-up time.*

The immediate elimination of the four-month period during which state VR has the "right of first refusal" would certainly expedite the process. The determination of milestone and outcome payments by SSA should be completed within 9-12 months in order to quickly expand the service delivery pool available through alternate providers, PWI's and CARF accredited programs.

3. I couldn't agree with you more that the success of the Program will depend on the effectiveness of the implementation strategies. We set up an Advisory Panel, made up of consumers, providers, and employers to advise SSA on how best to proceed, to ensure effective implementation. We are interested in any feedback you might have regarding how to optimize the effectiveness of the Advisory Panel. Do you have any suggestions at this time?

3. *Advisory Panel Effectiveness.*

While I agree with the composition of the Panel, I do feel that each member must be knowledgeable about the issues and the systems regarding employment incentives and disincentives. The process should be accessible to the community with specified reporting timeframes to Congress. Utilization of the Internet will create opportunities for increased involvement and dissemination.

4. As you may know, our bill allows for the employment network to choose between two reimbursement systems, one being based on outcomes only, and the other being based on achieving milestones and outcomes. We define outcomes as no longer being eligible for cash benefits. We do leave it up to the Commissioner, with advice from the Advisory Panel, to set up this milestone payment process. What advice would you give the Commissioner as to how to set up the milestone payment plan?

4. *Milestone payment process.*

I would recommend milestone payment at the following intervals:

- After the development of the employment plan;
- Upon initial placement on the job;
- Upon nine months of employment; and,
- Based on monthly savings to the fund over a 60-month period.

5. I understand that the State Vocational Rehabilitation (VR) agencies receive priority referral of SSDI and SSI beneficiaries for services. Last year, SSA implemented an Alternate Participant program that allows private sector providers to serve SSDI and SSI beneficiaries who have been turned down by the State VR agencies. While this program seems to be a move in the right direction, I've heard there have been difficulties. Can you describe your experiences with the Alternate Participant program?

Follow-up: Are their lessons learned that we should address in this legislation?  
 5. *Problems with the current Alternate Provider program.*

SSDI and SSI recipients should be given the opportunity to choose their provider at the beginning of the process. Under the current system, applicants must wait four months while VR determines whether or not they will serve the individual before referring on to another provider.

The current Alternative Provider system assumes that organizations have the "venture capital" available to sustain the cost of service provision until people achieve nine months of employment; after which, providers will be reimbursed the actual cost of service. There is no provision to cover costs for persons who are not successful in achieving or retaining employment for whatever reason. SSDI and SSI recipients usually have serious and multiple barriers to employment. Success is not only impossible; it's an unrealistic expectation for any group. In the current system, state VR agencies use monies under the Rehabilitation Act to fund the services to SSDI/SSI recipients. In essence, VR is receiving funding from RSA and SSA for the same individual, but at different points in the service delivery.

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Chairman BUNNING. I would like to thank all of the witnesses today who have shared with the Subcommittee their comments on the Ticket to Work and Self-Sufficiency Act of 1998. We appreciate hearing your views, and will examine each one of your recommendations as we move this legislation forward. For those interested, we hope to mark this bill in the Full Committee sometime next week.

The Subcommittee will stand adjourned.

[Whereupon, at 4:36 p.m., the hearing was adjourned subject to the call of the Chair.]

[Submissions for the record follow:]

**Statement of Dr. Robert S. Rudney, Chairman, EXCEL! Networking Group, Inc.**

Mr. Chairman and Members of the Subcommittee,

As Chairman of the EXCEL! Networking Group, I strongly endorse the "Ticket to Work and Self-Sufficiency Act of 1998." EXCEL! is a nonprofit, Washington-area self-help group focusing on competitive employment and career development. Run entirely by and for people with disabilities, EXCEL! seeks to enhance their self-determination and advancement through its educational, training, mentoring, and outreach programs.

Many of EXCEL!'s members are Social Security Disability recipients who are seeking to return to work. These members have expressed their acute dissatisfaction with the arcane regulations governing conditions for return to work, with the inability of many Social Security Administration employees to explain clearly these regulations, and with the incompetence of state vocational rehabilitation counselors to assist and advise them in their job searches.

EXCEL! was explicitly established to empower people with disabilities by making them responsible for program design and implementation and thus overcoming the passivity and dependency traits so prevalent among clients of the vocational rehabilitation system. In the process, EXCEL! explicitly welcomes cooperative arrangements and partnerships with employers, counselors, and training organizations outside the rather insular disability community.

The 1997 United Way Fairfax-Falls Church State of the Community Report; Partners in Progress cited EXCEL! in a special article for its efforts at developing partnerships with the business community. EXCEL! is actively involved in the Potomac Knowledgeway Project's Abilities Team, which seeks to ensure that people with disabilities are full members of the on-line community. The Potomac Knowledgeway Project is a coalition of high-tech companies and institutions working to make the Greater Washington region a global leader in the digital age. EXCEL! also participates in regular meetings of Project SAVE, a networking organization for corporate human resources professionals. In addition, EXCEL! is working closely with Integrated Disability Resources, a Kemper Insurance subsidiary, that is introducing innovative "return to work" programs to assist its disability claimants. For 1998, EXCEL! intends to focus on building additional bridges to the corporate sector, in part through a June 10th Washington conference, "No More Crutches: New Approaches to Employment Counseling of Persons with Disabilities."

EXCEL!'s training efforts focus in three areas:

- personal accountability and goal-setting;

On September 19-20, 1997, EXCEL! co-sponsored an intensive workshop on "Crafting and Achieving a Life Vision," led by Lee Bussard of the Pacific Institute (Seattle). Bussard (who was born with cerebral palsy) has been instrumental in developing the Pacific Institute's award-winning Investment in Independence curriculum that teaches effective thinking skills and affirmation techniques to people with disabilities. Incorporating much of this curriculum, the EXCEL!workshop provided valuable tools for building self-esteem and self-efficacy and for sustaining personal growth and career success. Six support sessions following the workshop reinforced Bussard's motivational teachings. EXCEL! seeks to incorporate this curriculum into its 1998-99 training program.

- job search strategies and techniques

In November 1997, EXCEL! contracted with Morris Associates, a prominent Washington career counseling firm, to provide comprehensive workshop strategy sessions on career assessment, resumes, interviewing, employment resources, and networking, followed by support meetings designed to keep participants' job searches on track. EXCEL! also maintains a productive mentoring partnership with the Washington Chapter of the International Association of Career Management professionals. In 1998, EXCEL! will work together with the Five O'Clock Club, a nationally recognized job search strategy group run by professional career counselors, to assist EXCEL! members in their job searches.

- computer skills acquisition.

EXCEL! is arranging computer classes with three professional organizations: the Support Center of Washington, a training organization serving the local nonprofit community; HandsNet, a nonprofit providing hands-on Internet instruction; and the CURE Network, a self-help group of people with disabilities dedicated to bringing the benefits of information technology to the disability community. These three training organizations offer EXCEL! participants a large degree of flexibility and choice in pursuing instruction in computer applications best-suited to their career objectives.

In summary, the EXCEL! program is a vivid example of the useful contributions that persons with disabilities themselves can bring to the networks of private service agencies envisioned under the proposed legislation. While "client choice" is key to assuring more responsive services, "client participation" is critical to developing creative and successful strategies for persons with disabilities to attain rewarding competitive employment.

*For further information, please contact: Dr. Robert Rudney, Chairman, EXCEL! Networking Group, Inc.*

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### **Testimony of the Mental Health Liaison Group, Employment and Income Security Committee**

The Mental Health Liaison Group's (MHLG) Employment and Income Security Committee focuses on the employment issues of persons with mental illnesses, including vocational rehabilitation, the federal social security and disability programs, and disability programs in the private sector. The Committee consists of members of the Mental Health Liaison Group, a coalition that represents the views of mental health consumers and providers to Congress and the federal government.

Persons with mental illness are the fastest growing population on the Supplemental Security Income (SSI) program and the Social Security Disability Insurance

(SSDI) program. People with mental illness make up the single largest population on the SSI and SSDI rolls. They come on the rolls earlier than people with other disabilities, and they remain dependent on SSI and SSDI longer than individuals with other types of disabilities. Consequently, the reforms considered today will have a great bearing on persons with mental illness.

Despite numerous efforts in the past to reform the existing federal-state public vocational rehabilitation program, the existing public VR program simply does not meet the needs of people with disabilities who are on SSI or SSDI. Its time-limited, short-term approach to rehabilitation ignores the episodic nature of mental illness and the likely intermittent nature of employment that most people with severe and persistent mental illness will face. Further, the public VR system lacks the resources necessary to provide the long-term employment supports needed by most people with mental illnesses. Although most state VR agencies have attempted to accommodate the vocational needs of persons with mental illnesses, the structure of public VR program severely limits this effort.

The Social Security Administration currently refers social security beneficiaries to the state VR agency. It is then up to the VR agency to provide the appropriate VR services or find a provider that can meet those needs. This approach must change. Several reports indicate that a mere six to ten thousand social security beneficiaries leave the rolls through work each year. A person on the SSI/SSDI rolls is more likely to die on the rolls as a beneficiary than return to work. Clearly a new approach is needed.

To be successful this new approach must:

- Take into account the episodic nature of mental illnesses and the likely intermittent employment patterns of most people with mental illnesses,
- Empower consumers to allow them to choose the provider that will do the best job for them,
- Provide fair and timely reimbursement to providers when successful outcomes are achieved, and
- Ensure that health care is available as the individual begins their work effort, in short it must end the current system that punishes people for trying to work.

H.R. 3433, *The Ticket to Work and Self-Sufficiency Act of 1998*, introduced last week by Congressman Jim Bunning (R-KY) and Congresswoman Barbara Kennelly (D-CT), is a tremendous improvement over current law. It will help vastly greater numbers of people with mental illness move from dependence on government benefits to independence through work. Here's why:

#### EMPOWERS CONSUMERS

Giving beneficiaries a Ticket they can take to ANY provider at ANY time gives consumers the choice they need to seek and receive services from the provider who can best meet their needs. H.R. 3433 ends the automatic referral to the state VR agency and ends state VR's right of first refusal to serve any beneficiary under the current Alternate Provider Program.

#### ESTABLISHES A FAIR AND TIMELY REIMBURSEMENT:

The current SSA Alternate Provider Program "end loads" the reimbursement to providers. Under current law, providers receive no payment from SSA until a beneficiary is no longer receiving Social Security cash benefits. This is unfair for three reasons. First, the vocational rehabilitation effort for persons with the most severe disabilities, including those with a mental illness, means that it may take months or years before an individual returns to work and then works their way off of benefits. End loading the payment forces the VR provider to weigh the ongoing costs of a long-term rehabilitation against a payment that may only occur years down the road, forcing providers to prognosticate the vocational capability of the consumer, something that is absolutely impossible to do when considering a person with a mental illness.

Second, by "end loading" the payment, smaller providers that can not capitalize the long term costs of rehabilitation are severely disadvantaged. Only large, well-financed providers can afford to participate. Thus, smaller providers like psycho-social rehabilitation agencies and consumer-run agencies, as well as the people they serve, are treated unfairly.

Third, the one-point-in-time reimbursement in the Alternate Provider Program provides no incentive to the provider to make sure the individual remains employed. Instead, like with the current public VR program, the consumer's case is "closed" when the payment is received. This is a serious flaw given the episodic nature of mental illness.

H.R. 3433 will put an end to all three of these problems through the establishment of a "milestone" reimbursement system. Milestone reimbursements will allow providers to receive "installment" payments when the individual goes back to work and subsequently reduces their dependence on cash benefits. Furthermore, spreading the milestone payments over a 60 month period will help ensure that consumers receive the long-term employment supports they need to stay on the job. The milestone system is a critical component of this legislation and key to the success of the Ticket-to-Work concept.

In fact, Congress should repeal outright, on a state-by-state basis, the Alternate Provider Program when the Ticket Program becomes available in a state. Providers currently participating in the Alternate Provider Program could be grandfathered into the new pool of providers under the Ticket proposal.

#### EXTENDS HEALTH CARE:

Consumers on SSDI and SSI openly admit that just the fear of the potential loss of health care benefits either stops them from working altogether or severely limits their work efforts. H.R. 3433 extends Medicare for two years, substantially reducing this fear.

#### ESTABLISHES A DISABLED WORKER TAX CREDIT:

This credit will benefit consumers by allowing them to account for the extraordinary expenses that many people with disabilities face when they return to work.

#### STARTS THE EFFORT TO END THE SSDI "CASH CLIFF":

The abrupt and total loss of cash benefits and the consequences that has for health care coverage when a beneficiary goes to work is a severe obstacle to work. Again, consumers openly admit that the fear of suddenly losing benefits is a major barrier to work. We know that thousands of people with mental illness on the SSDI cash rolls could work more if the "cash cliff" were replaced by a graduated income offset like that in SSI. H.R. 3433 begins the process of eliminating the "cash cliff" by requiring the Social Security Administration to conduct cash offset demonstration projects.

The legislation leaves some important issues to be resolved. Already noted is the fate of the Alternate Provider Program. Another important issue is how providers will "sign up" to be providers to persons with Tickets to Work. Under the current Alternate Provider Program, providers must complete a 300+ page document called an RFP that has simply overwhelmed smaller providers who lack the expertise and staffing to complete such a document. The new Ticket system must be simpler if consumer choice is to be maximized. Thousands of providers sent "Letters of Intent to Participate" in SSA's Alternate Provider Program. Only slightly more than 200 have been accepted, and only a handful of persons have been served. Replicating these dismal results in the Ticket proposal would be tragic. The MHLG Employment and Income Security Committee believes that these issues, though critical, can be resolved simply and easily, and we will work with Congressman Bunning and Congresswomen Kennelly to achieve that goal.

To the great credit of Congressman Bunning and Congresswoman Kennelly, H.R. 3433 does much more than simply establish new programs or end currently ineffective ones. It starts the long-delayed transformation of the nation's disability benefit program from one of being a cash-welfare benefit distribution system that demands total and permanent dependence to one where employment and work are supported and where independence is encouraged and favored.

#### MENTAL HEALTH LIAISON GROUP EMPLOYMENT AND INCOME SECURITY COMMITTEE MEMBERS

International Association of Psychosocial Rehabilitation Services  
 Judge David L. Bazelon Center for Mental Health Law  
 National Alliance for the Mentally Ill  
 National Association of Social Workers  
 National Council for Community Behavioral Healthcare  
 National Mental Health Association

## MINNESOTA CONSORTIUM FOR CITIZENS WITH DISABILITIES

*March 15, 1998*

The Honorable Jim Bunning, Chair  
Subcommittee on Social Security of the Committee on Ways and Means  
*United States House of Representatives*  
*B-316 Rayburn House Office Building*  
*Washington, D.C. 20515*

Dear Congressman Bunning:

The Minnesota Consortium for Citizens with Disabilities (MN CCD) is grateful for this opportunity to provide a written statement to your committee on the "Ticket to Work and Self-Sufficiency Act of 1998." The Consortium is a broad-based coalition of organizations representing persons with a wide variety of disabilities. A listing of MN CCD members is attached.

We strongly support your committee's efforts to remove barriers to employment faced by persons with disabilities. In particular, the provision for tax credits and the requirement that the Social Security Administration test a gradual offset of Social Security Disability Insurance (SSDI) benefits are both important steps forward.

We are pleased that the committee recognizes the fear of losing health care coverage as one of the primary barriers confronting persons with disabilities who wish to work. The Act's extension of Medicare benefits will provide help for some, but does not get to the root of the problem. Neither employer-based health insurance, nor Medicare cover personal assistance services, nor do they offer comprehensive coverage of special medications, equipment, supplies and other long term supports commonly needed by persons with disabilities. Because such coverage is only offered by Medicaid, many individuals have no choice, but to rely on Medicaid, even if they have access to Medicare. To remain eligible for Medicaid under existing policies, they have no choice but to limit or forego employment, even if they are well qualified and highly motivated to work.

The existing SSI 1619(b) program provides continued Medicaid coverage for some individuals with disabilities as an incentive to work. Unfortunately, persons on SSDI and many others with disabilities do not qualify for SSI 1619(b), even though they have prior work history and would be good candidates for successful employment, given the proper long term health care supports.

The Minnesota House and Senate recently passed the attached resolution urging Congress to remove Medicaid policy barriers to employment. The resolution calls for legislation giving states the option to allow working persons with disabilities to receive continued Medicaid coverage to address unmet health needs when they become employed.

Everyone would benefit from legislation removing Medicaid barriers to employment:

Individuals with disabilities would gain opportunities to use their skills and become self-sufficient. They would no longer be forced into poverty to have their long term health needs met.

Employers would gain an expanded pool of qualified, motivated candidates for positions that are difficult to fill in a shrinking labor market. Employers would not be expected to pick up any more health care costs than they would for non-disabled employees.

Taxpayers would benefit as working people with disabilities reduced or eliminated their dependence on public programs, including Medicaid, SSI, SSDI, Medicare, Food Stamps, subsidized housing, and a variety of other federal, state and local programs. Tax revenues would increase as more people with disabilities became taxpayers themselves.

While we understand that issues pertaining to Medicaid fall under the jurisdiction of the Commerce Committee, substantial savings to Social Security and Medicare could be gained if people with disabilities were no longer faced with the very real fear of losing long term health supports that are only covered by Medicaid.

Thank you again for initiating this legislation to remove barriers to employment of persons with disabilities. We hope your committee will take further leadership in promoting legislation to remove the significant disincentives to employment created by existing Medicaid policies.

If you have any questions, please don't hesitate to contact us. We deeply appreciate this opportunity to comment.

Sincerely,

ANITA BOUCHER, CHAIR  
MN CCD Work Incentives Committee

Attachments  
cc: Congressman Jim Ramstad  
Congressman Martin Sabo

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SF2699, AS PASSED BY MN SENATE ON 2/24/98 AND BY MN HOUSE ON 3/10/98

**A Resolution Memorializing the Congress of the United States to Remove Medicaid Policy Barriers to Employment for People with Disabilities.**

WHEREAS, seventy-four percent of working-age adults with severe disabilities are unemployed; and

WHEREAS, many people with disabilities are highly dependent on local, state, and federal assistance for support and survival, particularly for necessary health care; and

WHEREAS, a 1995 Lou Harris poll reported that two-thirds of unemployed people with disabilities are eager to work; and

WHEREAS, advances in technology, the civil rights protections of the Americans with Disabilities Act, and the current labor shortage are opening up many new employment opportunities for people with disabilities; and

WHEREAS, current government policies, particularly those relating to Medicaid, discourage people with disabilities from working; and

WHEREAS, existing Medicaid work incentives are flawed and are completely unavailable to people with disabilities who do not qualify for the SSI 1619(b) program; and

WHEREAS, removing policy barriers to employment would enable more people with disabilities to reduce their dependence on Social Security, Medicaid, Medicare, subsidized housing, food stamps, and other state, local, and federal government programs; and

WHEREAS, becoming employed allows individuals with disabilities to contribute to society by becoming taxpayers themselves; and

WHEREAS, employer-based health care and government programs, such as Medicare, Minnesota Comprehensive Health Association, and MinnesotaCare, do not typically cover long-term supports needed by people with disabilities; NOW, THEREFORE,

BE IT RESOLVED by the Legislature of the State of Minnesota that it urges the Congress of the United States to adopt Medicaid buy-in legislation that would allow people with permanent disabilities to retain Medicaid coverage to address unmet health needs when they become employed.

BE IT FURTHER RESOLVED that such Medicaid buy-in legislation should require individuals to take advantage of employer-based health coverage, if available and affordable, and should further require individuals to purchase needed Medicaid coverage on a sliding fee scale, based on their ability to pay.

BE IT FURTHER RESOLVED that the Secretary of State of the State of Minnesota is directed to prepare copies of this memorial and transmit them to the President and the Secretary of the United States Senate, the Speaker and the Clerk of the United States House of Representatives, and Minnesota's Senators and Representatives in Congress.

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**Minnesota Consortium for Citizens with Disabilities**

The Minnesota Consortium for Citizens with Disabilities (MN CCD) is a broad-based coalition of organizations of persons with disabilities, providers and advocates, dedicated to improving the lives of persons with disabilities. We address public policy issues that affect people with disabilities by collaborating with others, advocating, educating, influencing change, and creating awareness for understanding. The Minnesota Consortium for Citizens with Disabilities includes:

Access Press  
 Accessible Space, Inc.  
 Advocating Change Together  
 Alliance for the Mentally Ill of  
 Minnesota  
 Alliance Health Care  
 Arc Minnesota  
 Arc of Anoka and Ramsey Counties  
 Arc of Hennepin County  
 Arc Olmsted County  
 Association of Residential Resources in  
 Minnesota  
 Becklund Home Health Care, Inc.  
 Brain Injury Association of Minnesota  
 Courage Center  
 Epilepsy Foundation of Minnesota  
 Executive Assistants  
 Fairview Multiple Sclerosis Achievement  
 Center  
 Flaten, Kris, Consumer  
 Fraser Community Services  
 Gillette Children's Specialty Healthcare  
 Goodwill/Easter Seal of Minnesota  
 Independence Crossroads  
 Johnson, Cindy, Parent/Advocate  
 Lutheran Social Service of Minnesota  
 Mental Health Association of Minnesota  
 Mental Health Consumer/Survivor  
 Network  
 Metro Work Center, Inc.  
 Metropolitan Center for Independent  
 Living  
 MN Assn. of Community Mental Health  
 Programs, Inc.  
 MN Assn. of Community Rehabilitation  
 Organizations (MACRO)  
 Minnesota Disability Law Center  
 Minnesota Governor's Council on  
 Developmental Disabilities  
 Minnesota Habilitation Coalition  
 Minnesota State Council on Disability  
 National Multiple Sclerosis Society-MN  
 Chapter  
 Parenting Resource Center  
 Southeast Minnesota Center for  
 Independent Living-UHHC, Inc.  
 Sister Kenny Institute  
 Slattery, Jamie, Consumer  
 Southern Minnesota Independent Living  
 Enterprises and Services  
 Southwestern Center for Independent  
 Living  
 St. Paul Rehabilitation Center  
 STAR Program  
 Tasks Unlimited  
 The Disability Institute  
 Tourette Syndrome Association, MN  
 Chapter  
 United Cerebral Palsy of Central  
 Minnesota  
 United Cerebral Palsy of MN

(Please note: This is only a partial listing. MN CCD membership continues to grow.)

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### Statement of Paralyzed Veterans of America

Paralyzed Veterans of America applauds the efforts of Congressman Jim Bunning and Congresswoman Barbara Kennelly to refashion the Social Security disability insurance system so that beneficiaries can participate more fully as productive members of our society. By introducing the Ticket to Work and Self-Sufficiency Act of 1998, these Congressional leaders have taken a bipartisan step toward enactment of a law that removes the major barriers to work that now confront recipients of federal disability insurance.

Because 78 percent of PVA members receive either Social Security disability insurance [SSDI] or supplemental security income [SSI], PVA has identified certain principles to which we believe any reform legislation should conform. Foremost is the need to assure that individuals who leave the rolls to attempt working should retain access to health care coverage. Right now, SSDI recipients who go back to work can remain covered by Medicare for free for up to 39 months, with a buy-in provision after that. However, if their job carries no health insurance coverage and they cannot afford to pay the full Medicare premium, they risk being uninsured when that time expires. By extending Medicare coverage for an additional two years beyond current law, the Bunning-Kennelly bill takes a step in the right direction. Ultimately, because employer-provided insurance is so often inadequate or nonexistent, PVA would like to see affordable Medicare coverage made available indefinitely to beneficiaries returning to work, along with ancillary health care benefits not covered by Medicare, such as personal assistant services.

Second, PVA believes that SSDI and SSI recipients must have the freedom and opportunity to select the services they need to attain career and employment goals. By giving beneficiaries "tickets" to buy vocational rehabilitation, employment and other support services from an expanded network of providers, this bill provides the kind of consumer choice that will improve the current system through increased competition.

Third, we applaud the requirement that the SSA Commissioner conduct demonstration projects examining the merits of phasing out DI cash benefits as income

rises so that beneficiaries no longer face the "income cliff" when they reach \$500 a month in earnings. Too many SSDI beneficiaries feel compelled to keep their earnings below this "substantial gainful activity level" [SGA] in order to preserve their limited benefits and access to Medicare. This is a tragic waste of human potential. Absent a phasing out of benefits, PVA would prefer that the SGA limit, which has not been increased since 1990, be made consistent for all people with disabilities and indexed for inflation. However, we recognize that fiscal realities make the demonstration project the approach most likely to succeed in finding an answer to this difficult question.

PVA has also called for tax incentives to assist SSI and SSDI recipients with work-related expenses. It is heartening that the sponsors of this bill have included a disabled worker tax credit that would be available to all participants in the program and that could be used to offset an array of expenses from assistive technology to personal assistant services. Too often, beneficiaries find that the costs of returning to work outweigh the benefits. This will go a long way toward "making work pay."

PVA finds many positive elements in the Ticket to Work and Self-Sufficiency Act and looks forward to working with this subcommittee and others in Congress to strengthen its value for SSI and SSDI recipients. We commend Chairman Bunning and Congresswoman Kennelly for initiating this process and offer our commitment in transforming federal disability programs from barriers to work to bridges to opportunity.

