

**FOSTER CARE INDEPENDENCE ACT OF 1999**

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**H.R. 3443**

**PUBLIC LAW 106-169  
106<sup>TH</sup> CONGRESS**

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**REPORTS, BILLS, AND ACT**

**SOCIAL SECURITY ADMINISTRATION**

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**Office of the Deputy Commissioner for  
Legislation and Congressional Affairs**

## **PREFACE**

This compilation contains historical documents pertaining to P.L. 106-169, the “Foster Care Independence Act of 1999.” This book contains a chronological compilation of documents pertinent to the legislative history of the public law.

Pertinent documents include:

- Differing versions of key bills
- Committee Report
- Excerpts from the Congressional Record
- Statement of Administration Policy
- The President’s Signing Statement
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- Legislative Bulletins

This book was prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.

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106TH CONGRESS  
1ST SESSION

# H. R. 1802

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 13, 1999

Mrs. JOHNSON of Connecticut (for herself and Mr. CARDIN) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Foster Care Independence Act of 1999”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM

##### Subtitle A—Improved Independent Living Program

Sec. 101. Improved independent living program.

##### Subtitle B—Related Foster Care Provision

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#### TITLE II—SSI FRAUD PREVENTION

##### Subtitle A—Fraud Prevention and Related Provisions

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Sec. 203. Additional debt collection practices.

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Sec. 206. Treatment of assets held in trust under the SSI program.

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#### TITLE III—CHILD SUPPORT

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#### TITLE IV—TECHNICAL CORRECTIONS

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1 **TITLE I—IMPROVED INDE-**  
 2 **PENDENT LIVING PROGRAM**  
 3 **Subtitle A—Improved Independent**  
 4 **Living Program**

5 **SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.**

6 (a) FINDINGS.—The Congress finds the following:

7 (1) States are required to make reasonable ef-  
 8 forts to find adoptive families for all children, in-  
 9 cluding older children, for whom reunification with  
 10 their biological family is not in the best interests of  
 11 the child. However, some older children will continue  
 12 to live in foster care. These children should be en-  
 13 rolled in an Independent Living program designed  
 14 and conducted by State and local government to help  
 15 prepare them for employment, postsecondary edu-  
 16 cation, and successful management of adult respon-  
 17 sibilities.

18 (2) About 20,000 adolescents leave the Nation's  
 19 foster care system each year because they have  
 20 reached 18 years of age and are expected to support  
 21 themselves.

1           (3) Congress has received extensive information  
2           that adolescents leaving foster care have significant  
3           difficulty making a successful transition to adult-  
4           hood; this information shows that children aging out  
5           of foster care show high rates of homelessness, non-  
6           marital childbearing, poverty, and delinquent or  
7           criminal behavior; they are also frequently the target  
8           of crime and physical assaults.

9           (4) The Nation's State and local governments,  
10          with financial support from the Federal Government,  
11          should offer an extensive program of education,  
12          training, employment, and financial support for  
13          young adults leaving foster care, with participation  
14          in such program beginning several years before high  
15          school graduation and continuing, as needed, until  
16          the young adults emancipated from foster care es-  
17          tablish independence or reach 21 years of age.

18          (b) IMPROVED INDEPENDENT LIVING PROGRAM.—  
19          Section 477 of the Social Security Act (42 U.S.C. 677)  
20          is amended to read as follows:

21          **“SEC. 477. INDEPENDENT LIVING PROGRAM.**

22                 “(a) PURPOSE.—The purpose of this section is to  
23          provide States with flexible funding that will enable pro-  
24          grams to be designed and conducted—

1           “(1) to identify children who are likely to re-  
2           main in foster care until 18 years of age and to de-  
3           sign programs that help these children make the  
4           transition to self-sufficiency by providing services  
5           such as assistance in obtaining a high school di-  
6           ploma, career exploration, vocational training, job  
7           placement and retention, training in daily living  
8           skills, training in budgeting and financial manage-  
9           ment skills, and substance abuse prevention;

10           “(2) to help children who are likely to remain  
11           in foster care until 18 years of age receive the edu-  
12           cation, training, and services necessary to obtain em-  
13           ployment;

14           “(3) to help children who are likely to remain  
15           in foster care until 18 years of age prepare for and  
16           enter postsecondary training and education institu-  
17           tions;

18           “(4) to provide personal and emotional support  
19           to children aging out of foster care, through mentors  
20           and the promotion of interactions with dedicated  
21           adults; and

22           “(5) to provide financial, housing, counseling,  
23           employment, education, and other appropriate sup-  
24           port and services to former foster care recipients be-

1       tween 18 and 21 years of age to complement their  
2       own efforts to achieve self-sufficiency.

3       “(b) APPLICATIONS.—

4             “(1) IN GENERAL.—A State may apply for  
5       funds from its allotment under subsection (e) for a  
6       period of 5 consecutive fiscal years by submitting to  
7       the Secretary, in writing, a plan that meets the re-  
8       quirements of paragraph (2) and the certifications  
9       required by paragraph (3) with respect to the plan.

10            “(2) STATE PLAN.—A plan meets the require-  
11       ments of this paragraph if the plan specifies which  
12       State agency or agencies will administer, supervise,  
13       or oversee the programs carried out under the plan,  
14       and describes how the State intends to do the fol-  
15       lowing:

16             “(A) Design and deliver programs to  
17       achieve the purposes of this section.

18             “(B) Ensure that all political subdivisions  
19       in the State are served by the program, though  
20       not necessarily in a uniform manner.

21             “(C) Ensure that the programs serve chil-  
22       dren of various ages and at various stages of  
23       achieving independence.

1           “(D) Involve the public and private sectors  
2           in helping adolescents in foster care achieve  
3           independence.

4           “(E) Use objective criteria for determining  
5           eligibility for benefits and services under the  
6           programs, and for ensuring fair and equitable  
7           treatment of benefit recipients.

8           “(F) Cooperate in national evaluations of  
9           the effects of the programs in achieving the  
10          purposes of this section.

11          “(3) CERTIFICATIONS.—The certifications re-  
12          quired by this paragraph with respect to a plan are  
13          the following:

14               “(A) A certification by the chief executive  
15               officer of the State that the State will provide  
16               assistance and services to children who have left  
17               foster care but have not attained 21 years of  
18               age.

19               “(B) A certification by the chief executive  
20               officer of the State that not more than 30 per-  
21               cent of the amounts paid to the State from its  
22               allotment under subsection (c) for a fiscal year  
23               will be expended for room or board for children  
24               who have left foster care and have attained 18  
25               years of age but not 21 years of age.

1           “(C) A certification by the chief executive  
2 officer of the State that none of the amounts  
3 paid to the State from its allotment under sub-  
4 section (c) will be expended for room or board  
5 for any child who has not attained 18 years of  
6 age.

7           “(D) A certification by the chief executive  
8 officer of the State that the State has consulted  
9 widely with public and private organizations in  
10 developing the plan and that the State has  
11 given all interested members of the public at  
12 least 30 days to submit comments on the plan.

13           “(E) A certification by the chief executive  
14 officer of the State that the State will make  
15 every effort to coordinate the State programs  
16 receiving funds provided from an allotment  
17 made to the State under subsection (c) with  
18 other Federal and State programs for youth,  
19 especially transitional living youth projects  
20 funded under part B of title III of the Juvenile  
21 Justice and Delinquency Prevention Act of  
22 1974.

23           “(F) A certification by the chief executive  
24 officer of the State that each Indian tribe in the  
25 State has been informed about the programs to

1 be carried out under the plan; that each such  
2 tribe has been given an opportunity to comment  
3 on the plan before submission to the Secretary;  
4 and that benefits and services under the pro-  
5 grams will be made available to Indian children  
6 in the State on the same basis as to other chil-  
7 dren in the State.

8 “(G) A certification by the chief executive  
9 officer of the State that the State has estab-  
10 lished and will enforce standards and proce-  
11 dures to prevent fraud and abuse in the pro-  
12 grams carried out under the plan.

13 “(4) APPROVAL.—The Secretary shall approve  
14 an application submitted by a State pursuant to  
15 paragraph (1) for a period if—

16 “(A) the application is submitted on or be-  
17 fore June 30 of the calendar year in which such  
18 period begins;

19 “(B) the Secretary finds that the applica-  
20 tion contains the material required by para-  
21 graph (1); and

22 “(C) all children in the State who have left  
23 foster care and have attained 18 years of age  
24 but not 21 years of age are eligible for medical

1 assistance under the State plan approved under  
2 title XIX.

3 “(5) AUTHORITY TO IMPLEMENT CERTAIN  
4 AMENDMENTS; NOTIFICATION.—A State with an ap-  
5 plication approved under paragraph (4) may imple-  
6 ment any amendment to the plan contained in the  
7 application if the application, incorporating the  
8 amendment, would be approvable under paragraph  
9 (4). Within 30 days after a State implements any  
10 such amendment, the State shall notify the Sec-  
11 retary of the amendment.

12 “(6) AVAILABILITY.—The State shall make  
13 available to the public any application submitted by  
14 the State pursuant to paragraph (1), and a brief  
15 summary of the plan contained in the application.

16 “(c) ALLOTMENTS TO STATES.—

17 “(1) IN GENERAL.—From the amount specified  
18 in subsection (h) that remains after applying sub-  
19 section (g)(2) for a fiscal year, the Secretary shall  
20 allot to each State with an application approved  
21 under subsection (b) for the fiscal year the amount  
22 which bears the same ratio to such remaining  
23 amount as the number of children in foster care  
24 under a program of the State in the most recent fis-  
25 cal year for which such information is available

1 bears to the total number of children in foster care  
2 in all States for such most recent fiscal year.

3 “(2) HOLD HARMLESS PROVISION.—The Sec-  
4 retary shall ratably reduce the allotments made to  
5 States pursuant to paragraph (1) for a fiscal year  
6 to the extent necessary to ensure that the amount  
7 allotted to each State under paragraph (1) and this  
8 paragraph for the fiscal year is not less than the  
9 amount payable to the State under this section (as  
10 in effect before the enactment of the Foster Care  
11 Independence Act of 1999) for fiscal year 1998.

12 “(3) REALLOTMENT OF UNUSED FUNDS.—The  
13 Secretary shall use the formula provided in para-  
14 graph (1) of this subsection to reallocate among the  
15 States with applications approved under subsection  
16 (b) for a fiscal year any amount allotted to a State  
17 under this subsection for the preceding year that is  
18 not payable to the State for the preceding year.

19 “(d) USE OF FUNDS.—

20 “(1) IN GENERAL.—A State to which an  
21 amount is paid from its allotment under subsection  
22 (c) may use the amount in any manner that is rea-  
23 sonably calculated to accomplish the purposes of this  
24 section.

1           “(2) NO SUPPLANTATION OF OTHER FUNDS  
2 AVAILABLE FOR SAME GENERAL PURPOSES.—The  
3 amounts paid to a State from its allotment under  
4 subsection (c) shall be used to supplement and not  
5 supplant any other funds which are available for the  
6 same general purposes in the State.

7           “(e) PENALTIES.—

8           “(1) USE OF GRANT IN VIOLATION OF THIS  
9 PART.—If the Secretary is made aware, by an audit  
10 conducted under chapter 75 of title 31, United  
11 States Code, or by any other means, that a program  
12 receiving funds from an allotment made to a State  
13 under subsection (c) has been operated in a manner  
14 that is inconsistent with, or not disclosed in the  
15 State application approved under subsection (b), the  
16 Secretary shall assess a penalty against the State in  
17 an amount equal to not less than 1 percent and not  
18 more than 5 percent of the amount of the allotment.

19           “(2) FAILURE TO COMPLY WITH DATA REPORT-  
20 ING REQUIREMENT.—The Secretary shall assess a  
21 penalty against a State that fails during a fiscal  
22 year to comply with an information collection plan  
23 implemented under subsection (f) in an amount  
24 equal to not less than 1 percent and not more than

1 5 percent of the amount allotted to the State for  
2 the fiscal year.

3 “(3) PENALTIES BASED ON DEGREE OF NON-  
4 COMPLIANCE.—The Secretary shall assess penalties  
5 under this subsection based on the degree of non-  
6 compliance.

7 “(f) DATA COLLECTION AND PERFORMANCE MEAS-  
8 UREMENT.—

9 “(1) IN GENERAL.—The Secretary, in consulta-  
10 tion with State and local public officials responsible  
11 for administering independent living and other child  
12 welfare programs, child welfare advocates, members  
13 of Congress, youth service providers, and research-  
14 ers, shall—

15 “(A) develop outcome measures (including  
16 measures of educational attainment, employ-  
17 ment, avoidance of dependency, homelessness,  
18 nonmarital childbirth, and high-risk behaviors)  
19 that can be used to assess the performance of  
20 States in operating independent living pro-  
21 grams;

22 “(B) identify data elements needed to  
23 track—

1                   “(i) the number and characteristics of  
2                   children receiving services under this sec-  
3                   tion;

4                   “(ii) the type and quantity of services  
5                   being provided; and

6                   “(iii) State performance on the out-  
7                   come measures; and

8                   “(C) develop and implement a plan to col-  
9                   lect the needed information beginning with the  
10                  2nd fiscal year beginning after the date of the  
11                  enactment of this section.

12                  “(2) REPORT TO THE CONGRESS.—Within 12  
13                  months after the date of the enactment of this sec-  
14                  tion, the Secretary shall submit to the Committee on  
15                  Ways and Means of the House of Representatives  
16                  and the Committee on Finance of the Senate a re-  
17                  port detailing the plans and timetable for collecting  
18                  from the States the information described in para-  
19                  graph (1).

20                  “(g) EVALUATIONS.—

21                  “(1) IN GENERAL.—The Secretary shall con-  
22                  duct evaluations of such State programs funded  
23                  under this section as the Secretary deems to be in-  
24                  novative or of potential national significance. The  
25                  evaluation of any such program shall include infor-

1       mation on the effects of the program on education,  
2       employment, and personal development. To the max-  
3       imum extent practicable, the evaluations shall be  
4       based on rigorous scientific standards including ran-  
5       dom assignment to treatment and control groups.  
6       The Secretary is encouraged to work directly with  
7       State and local governments to design methods for  
8       conducting the evaluations, directly or by grant, con-  
9       tract, or cooperative agreement.

10           “(2) FUNDING OF EVALUATIONS.—The Sec-  
11       retary shall reserve 1.5 percent of the amount speci-  
12       fied in subsection (h) for a fiscal year to carry out,  
13       during the fiscal year, evaluation, technical assist-  
14       ance, performance measurement, and data collection  
15       activities related to this section, directly or through  
16       grants, contracts, or cooperative agreements with  
17       appropriate entities.

18           “(h) LIMITATIONS ON AUTHORIZATION OF APPRO-  
19       PRIATIONS.—To carry out this section, there are author-  
20       ized to be appropriated to the Secretary \$140,000,000 for  
21       each fiscal year.”.

22           “(c) PAYMENTS TO STATES.—Section 474(a)(4) of  
23       such Act (42 U.S.C. 674(a)(4)) is amended to read as fol-  
24       lows:

25           “(4) the lesser of—

1           “(A) 80 percent of the amount (if any) by  
2           which—

3                   “(i) the total amount expended by the  
4           State during the fiscal year in which the  
5           quarter occurs to carry out programs in  
6           accordance with the State application ap-  
7           proved under section 477(b) for the period  
8           in which the quarter occurs (including any  
9           amendment that meets the requirements of  
10          section 477(b)(5)); exceeds

11                   “(ii) the total amount of any penalties  
12          assessed against the State under section  
13          477(e) during the fiscal year in which the  
14          quarter occurs; or

15                   “(B) the amount allotted to the State  
16          under section 477 for the fiscal year in which  
17          the quarter occurs, reduced by the total of the  
18          amounts payable to the State under this para-  
19          graph for all prior quarters in the fiscal year.”.

20          (d) REGULATIONS.—Not later than 12 months after  
21          the date of the enactment of this Act, the Secretary of  
22          Health and Human Services shall issue such regulations  
23          as may be necessary to carry out the amendments made  
24          by this section.

1       **Subtitle B—Related Foster Care**  
2                               **Provision**

3       **SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE**  
4                               **FOR CHILDREN IN FOSTER CARE.**

5           Section 472(a) of the Social Security Act (42 U.S.C.  
6 672(a)) is amended by adding at the end the following:  
7 “In determining whether a child would have received aid  
8 under a State plan approved under section 402 (as in ef-  
9 fect on July 16, 1996), a child whose resources (deter-  
10 mined pursuant to section 402(a)(7)(B), as so in effect)  
11 have a combined value of not more than \$10,000 shall  
12 be considered to be a child whose resources have a com-  
13 bined value of not more than \$1,000 (or such lower  
14 amount as the State may determine for purposes of such  
15 section 402(a)(7)(B)).”.

16       **Subtitle C—Medicaid Amendments**

17       **SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR**  
18                               **ADOLESCENTS LEAVING FOSTER CARE.**

19           (a) IN GENERAL.—Title XIX of the Social Security  
20 Act is amended—

21                       (1) in section 1902(a)(10)(A)(ii) (42 U.S.C.  
22 1396a(a)(10)(A)(ii))—

23                               (A) by striking “or” at the end of sub-  
24 clause (XIII);

1 (B) by adding “or” at the end of subclause  
2 (XIV); and

3 (C) by adding at the end the following new  
4 subclause:

5 “(XV) who are independent fos-  
6 ter care adolescents (as defined in  
7 (section 1905(v)(1)), or who are with-  
8 in any reasonable categories of such  
9 adolescents specified by the State;”;  
10 and

11 (2) by adding at the end of section 1905 (42  
12 U.S.C. 1396d) the following new subsection:

13 “(v)(1) For purposes of this title, the term ‘inde-  
14 pendent foster care adolescent’ means an individual—

15 “(A) who is under 21 years of age;

16 “(B) who, on the individual’s 18th birthday,  
17 was in foster care under the responsibility of a  
18 State; and

19 “(C) whose assets, resources, and income do  
20 not exceed such levels (if any) as the State may es-  
21 tablish consistent with paragraph (2).

22 “(2) The levels established by a State under para-  
23 graph (1)(C) may not be less than the corresponding levels  
24 applied by the State under section 1931(b).

1       “(3) A State may limit the eligibility of independent  
2 foster care adolescents under section  
3 1902(a)(10)(A)(ii)(XV) to those individuals with respect  
4 to whom foster care maintenance payments or inde-  
5 pendent living services were furnished under a program  
6 funded under part E of title IV before the date the individ-  
7 uals attained 18 years of age.”.

8       (b) EFFECTIVE DATE.—The amendments made by  
9 subsection (a) apply to medical assistance for items and  
10 services furnished on or after October 1, 1999.

## 11                   **TITLE II—SSI FRAUD** 12                   **PREVENTION**

### 13           **Subtitle A—Fraud Prevention and** 14           **Related Provisions**

#### 15   **SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR** 16                   **OVERPAYMENTS TO DECEASED RECIPIENTS.**

17       (a) AMENDMENT TO TITLE II.—Section 204(a)(2) of  
18 the Social Security Act (42 U.S.C. 404(a)(2)) is amended  
19 by adding at the end the following new sentence: “If any  
20 payment of more than the correct amount is made to a  
21 representative payee on behalf of an individual after the  
22 individual’s death, the representative payee shall be liable  
23 for the repayment of the overpayment, and the Commis-  
24 sioner of Social Security shall establish an overpayment

1 control record under the social security account number  
2 of the representative payee.”.

3 (b) AMENDMENT TO TITLE XVI.—Section  
4 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amend-  
5 ed by adding at the end the following new sentence: “If  
6 any payment of more than the correct amount is made  
7 to a representative payee on behalf of an individual after  
8 the individual’s death, the representative payee shall be  
9 liable for the repayment of the overpayment, and the Com-  
10 missioner of Social Security shall establish an overpay-  
11 ment control record under the social security account  
12 number of the representative payee.”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to overpayments made 12 months  
15 or more after the date of the enactment of this Act.

16 **SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS**  
17 **FROM LUMP SUM SSI BENEFIT PAYMENTS.**

18 (a) IN GENERAL.—Section 1631(b)(1)(B)(ii) of the  
19 Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is  
20 amended—

21 (1) by inserting “monthly” before “benefit pay-  
22 ments”; and

23 (2) by inserting “and in the case of an indi-  
24 vidual or eligible spouse to whom a lump sum is pay-  
25 able under this title (including under section

1 1616(a) of this Act or under an agreement entered  
2 into under section 212(a) of Public Law 93-66  
3 shall, as at least one means of recovering such over-  
4 payment, make the adjustment or recovery from the  
5 lump sum payment in an amount equal to not less  
6 than the lesser of the amount of the overpayment  
7 or 50 percent of the lump sum payment,” before  
8 “unless fraud”.

9 (b) **EFFECTIVE DATE.**—The amendments made by  
10 this section shall take effect 12 months after the date of  
11 the enactment of this Act and shall apply to amounts in-  
12 correctly paid which remain outstanding on or after such  
13 date.

14 **SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.**

15 (a) **IN GENERAL.**—Section 1631(b) of the Social Se-  
16 curity Act (42 U.S.C. 1383(b)) is amended—

17 (1) by redesignating paragraphs (4) and (5) as  
18 paragraphs (5) and (6), respectively; and

19 (2) by inserting after paragraph (3) the fol-  
20 lowing:

21 “(4)(A) With respect to any delinquent amount, the  
22 Commissioner of Social Security may use the collection  
23 practices described in sections 3711(f), 3716, 3717, and  
24 3718 of title 31, United States Code, and in section 5514  
25 of title 5, United States Code, all as in effect immediately

1 after the enactment of the Debt Collection Improvement  
2 Act of 1996.

3 “(B) For purposes of subparagraph (A), the  
4 term ‘delinquent amount’ means an amount—

5 “(i) in excess of the correct amount of pay-  
6 ment under this title;

7 “(ii) paid to a person after such person  
8 has attained 18 years of age; and

9 “(iii) determined by the Commissioner of  
10 Social Security, under regulations, to be other-  
11 wise unrecoverable under this section after such  
12 person ceases to be a beneficiary under this  
13 title.”.

14 (b) CONFORMING AMENDMENTS.—Section  
15 3701(d)(2) of title 31, United States Code, is amended  
16 by striking “section 204(f)” and inserting “sections 204(f)  
17 and 1631(b)(4)”.

18 (c) TECHNICAL AMENDMENTS.—Section 204(f) of  
19 the Social Security Act (42 U.S.C. 404(f)) is amended—

20 (1) by striking “3711(e)” and inserting  
21 “3711(f)”; and

22 (2) by inserting “all” before “as in effect”.

23 (d) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to debt outstanding on or after  
25 the date of the enactment of this Act.

1 **SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER IN-**  
2 **FORMATION TO FEDERAL AND FEDERALLY**  
3 **ASSISTED BENEFIT PROGRAMS.**

4 Section 1611(e)(1)(I)(ii)(II) of the Social Security  
5 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by strik-  
6 ing “is authorized to” and inserting “shall”.

7 **SEC. 205. RULES RELATING TO COLLECTION OF OVERPAY-**  
8 **MENTS FROM INDIVIDUALS CONVICTED OF**  
9 **CRIMES.**

10 (a) **WAIVERS INAPPLICABLE TO OVERPAYMENTS BY**  
11 **REASON OF PAYMENT IN MONTHS IN WHICH BENE-**  
12 **FICIARY IS A PRISONER OR A FUGITIVE.—**

13 (1) **AMENDMENT TO TITLE II.—**Section 204(b)  
14 of the Social Security Act (42 U.S.C. 404(b)) is  
15 amended—

16 (A) by inserting “(1)” after “(b)”; and

17 (B) by adding at the end the following:

18 “(2) Paragraph (1) shall not apply with respect to  
19 any payment to any person made during a month in which  
20 such benefit was not payable under section 202(x).”.

21 (2) **AMENDMENT TO TITLE XVI.—**Section  
22 1631(b)(1)(B)(i) of such Act (42 U.S.C.  
23 1383(b)(1)(B)(i)) is amended by inserting “unless  
24 (I) section 1611(e)(1) prohibits payment to the per-  
25 son of a benefit under this title for the month by  
26 reason of confinement of a type described in clause

1 (i) or (ii) of section 202(x)(1)(A), or (II) section  
2 1611(e)(5) prohibits payment to the person of a  
3 benefit under this title for the month,” after “ad-  
4 ministration of this title”.

5 (b) 10-YEAR PERIOD OF INELIGIBILITY FOR PER-  
6 SONS FAILING TO NOTIFY COMMISSIONER OF OVERPAY-  
7 MENTS IN MONTHS IN WHICH BENEFICIARY IS A PRIS-  
8 ONER OR A FUGITIVE OR FAILING TO COMPLY WITH RE-  
9 PAYMENT SCHEDULE FOR SUCH OVERPAYMENTS.—

10 (1) AMENDMENT TO TITLE II.—Section 202(x)  
11 of such Act (42 U.S.C. 402(x)) is amended by add-  
12 ing at the end the following:

13 “(4)(A) No person shall be considered entitled to  
14 monthly insurance benefits under this section based on the  
15 person’s disability or to disability insurance benefits under  
16 section 223 otherwise payable during the 10-year period  
17 that begins on the date the person—

18 “(i) knowingly fails to timely notify the Com-  
19 missioner of Social Security, in connection with any  
20 application for benefits under this title, of any prior  
21 receipt by such person of any benefit under this title  
22 or title XVI in any month in which such benefit was  
23 not payable under the preceding provisions of this  
24 subsection, or

1           “(ii) knowingly fails to comply with any sched-  
2           ule imposed by the Commissioner which is for repay-  
3           ment of overpayments comprised of payments de-  
4           scribed in subparagraph (A) and which is in compli-  
5           ance with section 204.

6           “(B) The Commissioner of Social Security shall, in  
7           addition to any other relevant factors, take into account  
8           any mental or linguistic limitations of a person (including  
9           any lack of facility with the English language) in deter-  
10          mining whether the person has knowingly failed to comply  
11          with a requirement of clause (i) or (ii) of subparagraph  
12          (A).”.

13           (2) AMENDMENT TO TITLE XVI.—Section  
14          1611(e)(1) of such Act (42 U.S.C. 1382(e)(1)) is  
15          amended by adding at the end the following:

16          “(J)(i) A person shall not be considered an eligible  
17          individual or eligible spouse for purposes of benefits under  
18          this title by reason of disability, during the 10-year period  
19          that begins on the date the person—

20           “(I) knowingly fails to timely notify the Com-  
21          missioner of Social Security, in an application for  
22          benefits under this title, of any prior receipt by the  
23          person of a benefit under this title or title II in a  
24          month in which payment to the person of a benefit  
25          under this title was prohibited by—

1           “(aa) the preceding provisions of this para-  
2           graph by reason of confinement of a type de-  
3           scribed in clause (i) or (ii) of section  
4           202(x)(1)(A); or

5           “(bb) section 1611(e)(4); or

6           “(II) knowingly fails to comply with any sched-  
7           ule imposed by the Commissioner which is for repay-  
8           ment of overpayments comprised of payments de-  
9           scribed in clause (i) of this subparagraph and which  
10          is in compliance with section 1631(b).

11          “(ii) The Commissioner of Social Security shall, in  
12          addition to any other relevant factors, take into account  
13          any mental or linguistic limitations of a person (including  
14          any lack of facility with the English language) in deter-  
15          mining whether the person has knowingly failed to comply  
16          with a requirement of subclause (I) or (II) of clause (i).”.

17          (c) CONTINUED COLLECTION EFFORTS AGAINST  
18          PRISONERS.—

19                 (1) AMENDMENT TO TITLE II.—Section 204(b)  
20                 of such Act (42 U.S.C. 404(b)), as amended by sub-  
21                 section (a)(1) of this section, is amended further by  
22                 adding at the end the following new paragraph:

23                 “(3) The Commissioner shall not refrain from recov-  
24                 ering overpayments from resources currently available to  
25                 any overpaid person or to such person’s estate solely be-



1 of the individual (or of the individual's spouse) are trans-  
2 ferred to the trust other than by will.

3       “(B) In the case of an irrevocable trust to which are  
4 transferred the assets of an individual (or of the individ-  
5 ual's spouse) and the assets of any other person, this sub-  
6 section shall apply to the portion of the trust attributable  
7 to the assets of the individual (or of the individual's  
8 spouse).

9       “(C) This subsection shall apply to a trust without  
10 regard to—

11           “(i) the purposes for which the trust is estab-  
12 lished;

13           “(ii) whether the trustees have or exercise any  
14 discretion under the trust;

15           “(iii) any restrictions on when or whether dis-  
16 tributions may be made from the trust; or

17           “(iv) any restrictions on the use of distributions  
18 from the trust.

19       “(3)(A) In the case of a revocable trust established  
20 by an individual, the corpus of the trust shall be consid-  
21 ered a resource available to the individual.

22       “(B) In the case of an irrevocable trust established  
23 by an individual, if there are any circumstances under  
24 which payment from the trust could be made to or for  
25 the benefit of the individual or the individual's spouse, the

1 portion of the corpus from which payment to or for the  
2 benefit of the individual or the individual's spouse could  
3 be made shall be considered a resource available to the  
4 individual.

5       “(4) The Commissioner of Social Security may waive  
6 the application of this subsection with respect to an indi-  
7 vidual if the Commissioner determines that such applica-  
8 tion would work an undue hardship (as determined on the  
9 basis of criteria established by the Commissioner) on the  
10 individual.

11       “(5) This subsection shall not apply to a trust de-  
12 scribed in subparagraph (A) or (C) of section 1917(d)(4).

13       “(6) For purposes of this subsection—

14               “(A) the term ‘trust’ includes any legal instru-  
15 ment or device that is similar to a trust;

16               “(B) the term ‘corpus’ means, with respect to  
17 a trust, all property and other interests held by the  
18 trust, including accumulated earnings and any other  
19 addition to the trust after its establishment (except  
20 that such term does not include any such earnings  
21 or addition in the month in which the earnings or  
22 addition is credited or otherwise transferred to the  
23 trust); and

1           “(C) the term ‘asset’ includes any income or re-  
2           source of the individual or of the individual’s spouse,  
3           including—

4                   “(i) any income excluded by section  
5                   1612(b);

6                   “(ii) any resource otherwise excluded by  
7                   this section; and

8                   “(iii) any other payment or property to  
9                   which the individual or the individual’s spouse  
10                  is entitled but does not receive or have access  
11                  to because of action by—

12                           “(I) the individual or spouse;

13                           “(II) a person or entity (including a  
14                           court) with legal authority to act in place  
15                           of, or on behalf of, the individual or  
16                           spouse; or

17                           “(III) a person or entity (including a  
18                           court) acting at the direction of, or on the  
19                           request of, the individual or spouse.”.

20           (b) TREATMENT AS INCOME.—Section 1612(a)(2) of  
21           such Act (42 U.S.C. 1382a(a)(2)) is amended—

22                   (1) by striking “and” at the end of subpara-  
23                   graph (E);

24                   (2) by striking the period at the end of sub-  
25                   paragraph (F) and inserting “; and”; and

1 (3) by adding at the end the following:

2 “(G) any earnings of, and additions to, the cor-  
3 pus of a trust established by an individual (within  
4 the meaning of section 1613(e)), of which the indi-  
5 vidual is a beneficiary, to which section 1613(e) ap-  
6 plies, and, in the case of an irrevocable trust, with  
7 respect to which circumstances exist under which a  
8 payment from the earnings or additions could be  
9 made to or for the benefit of the individual.”.

10 (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall take effect on January 1, 2000, and shall  
12 apply to trusts established on or after such date.

13 **SEC. 207. DISPOSAL OF RESOURCES FOR LESS THAN FAIR**  
14 **MARKET VALUE UNDER THE SSI PROGRAM.**

15 (a) IN GENERAL.—Section 1613(c) of the Social Se-  
16 curity Act (42 U.S.C. 1382b(c)) is amended—

17 (1) in the caption, by striking “Notification of  
18 Medicaid Policy Restricting Eligibility of Institu-  
19 tionalized Individuals for Benefits Based on”;

20 (2) in paragraph (1)—

21 (A) in subparagraph (A)—

22 (i) by inserting “paragraph (1) and”  
23 after “provisions of”;

1 (ii) by striking “title XIX” the first  
2 place it appears and inserting “this title  
3 and title XIX, respectively,”;

4 (iii) by striking “subparagraph (B)”  
5 and inserting “clause (ii)”;

6 (iv) by striking “paragraph (2)” and  
7 inserting “subparagraph (B)”;

8 (B) in subparagraph (B)—

9 (i) by striking “by the State agency”;  
10 and

11 (ii) by striking “section 1917(c)” and  
12 all that follows and inserting “paragraph  
13 (1) or section 1917(c).”; and

14 (C) by redesignating subparagraphs (A)  
15 and (B) as clauses (i) and (ii), respectively;

16 (3) in paragraph (2)—

17 (A) by striking “(2)” and inserting “(B)”;

18 and

19 (B) by striking “paragraph (1)(B)” and  
20 inserting “subparagraph (A)(ii)”;

21 (4) by striking “(c)(1)” and inserting “(2)(A)”;

22 and

23 (5) by inserting before paragraph (2) (as so re-  
24 designated by paragraph (4) of this subsection) the  
25 following:

1           “(c)(1)(A)(i) If an individual or the spouse of an indi-  
2           vidual disposes of resources for less than fair market value  
3           on or after the look-back date described in clause (ii)(I),  
4           the individual is ineligible for benefits under this title for  
5           5 months during the period beginning on the date described  
6           in clause (iii) and equal to the number of months cal-  
7           culated as provided in clause (iv).

8           “(ii)(I) The look-back date described in this sub-  
9           clause is a date that is 36 months before the date de-  
10          scribed in subclause (II).

11          “(II) The date described in this subclause is the date  
12          on which the individual applies for benefits under this title  
13          or, if later, the date on which the individual (or the spouse  
14          of the individual) disposes of resources for less than fair  
15          market value.

16          “(iii) The date described in this clause is the first  
17          day of the first month in or after which resources were  
18          disposed of for less than fair market value and which does  
19          not occur in any other period of ineligibility under this  
20          paragraph.

21          “(iv) The number of months calculated under this  
22          clause shall be equal to—

23                  “(I) the total, cumulative uncompensated value  
24                  of all resources so disposed of by the individual (or

1 the spouse of the individual) on or after the look-  
2 back date described in clause (ii)(I); divided by

3 “(II) the amount of the maximum monthly ben-  
4 efit payable under section 1611(b), plus the amount  
5 (if any) of the maximum State supplementary pay-  
6 ment corresponding to the State’s payment level ap-  
7 plicable to the individual’s living arrangement and  
8 eligibility category that would otherwise be payable  
9 to the individual by the Commissioner pursuant to  
10 an agreement under section 1616(a) of this Act or  
11 section 212(b) of Public Law 93–66, for the month  
12 in which occurs the date described in clause (ii)(II),  
13 rounded, in the case of any fraction, to the nearest whole  
14 number, but shall not in any case exceed 36 months.

15 “(B)(i) Notwithstanding subparagraph (A), this sub-  
16 section shall not apply to a transfer of a resource to a  
17 trust if the portion of the trust attributable to the resource  
18 is considered a resource available to the individual pursu-  
19 ant to subsection (e)(3) (or would be so considered but  
20 for the application of subsection (e)(4)).

21 “(ii) In the case of a trust established by an indi-  
22 vidual or an individual’s spouse (within the meaning of  
23 subsection (e)), if from such portion of the trust, if any,  
24 that is considered a resource available to the individual  
25 pursuant to subsection (e)(3) (or would be so considered

1 but for the application of subsection (e)(4)) or the residue  
2 of the portion on the termination of the trust—

3           “(I) there is made a payment other than to or  
4           for the benefit of the individual; or

5           “(II) no payment could under any circumstance  
6           be made to the individual,

7 then, for purposes of this subsection, the payment de-  
8 scribed in clause (I) or the foreclosure of payment de-  
9 scribed in clause (II) shall be considered a transfer of re-  
10 sources by the individual or the individual’s spouse as of  
11 the date of the payment or foreclosure, as the case may  
12 be.

13           “(C) An individual shall not be ineligible for benefits  
14 under this title by reason of the application of this para-  
15 graph to a disposal of resources by the individual or the  
16 spouse of the individual, to the extent that—

17           “(i) the resources are a home and title to the  
18           home was transferred to—

19                   “(I) the spouse of the transferor;

20                   “(II) a child of the transferor who has not  
21                   attained 21 years of age, or is blind or disabled;

22                   “(III) a sibling of the transferor who has  
23                   an equity interest in such home and who was  
24                   residing in the transferor’s home for a period of  
25                   at least 1 year immediately before the date the

1 transferor becomes an institutionalized indi-  
2 vidual; or

3 “(IV) a son or daughter of the transferor  
4 (other than a child described in subclause (II))  
5 who was residing in the transferor’s home for  
6 a period of at least 2 years immediately before  
7 the date the transferor becomes an institu-  
8 tionalized individual, and who provided care to  
9 the transferor which permitted the transferor to  
10 reside at home rather than in such an institu-  
11 tion or facility;

12 “(ii) the resources—

13 “(I) were transferred to the transferor’s  
14 spouse or to another for the sole benefit of the  
15 transferor’s spouse;

16 “(II) were transferred from the trans-  
17 feror’s spouse to another for the sole benefit of  
18 the transferor’s spouse;

19 “(III) were transferred to, or to a trust  
20 (including a trust described in section  
21 1917(d)(4)) established solely for the benefit of,  
22 the transferor’s child who is blind or disabled;  
23 or

24 “(IV) were transferred to a trust (includ-  
25 ing a trust described in section 1917(d)(4)) es-

1           tablished solely for the benefit of an individual  
2           who has not attained 65 years of age and who  
3           is disabled;

4           “(iii) a satisfactory showing is made to the  
5           Commissioner of Social Security (in accordance with  
6           regulations promulgated by the Commissioner)  
7           that—

8                   “(I) the individual who disposed of the re-  
9                   sources intended to dispose of the resources ei-  
10                   ther at fair market value, or for other valuable  
11                   consideration;

12                   “(II) the resources were transferred exclu-  
13                   sively for a purpose other than to qualify for  
14                   benefits under this title; or

15                   “(III) all resources transferred for less  
16                   than fair market value have been returned to  
17                   the transferor; or

18                   “(iv) the Commissioner determines, under pro-  
19                   cedures established by the Commissioner, that the  
20                   denial of eligibility would work an undue hardship as  
21                   determined on the basis of criteria established by the  
22                   Commissioner.

23                   “(D) For purposes of this subsection, in the case of  
24                   a resource held by an individual in common with another  
25                   person or persons in a joint tenancy, tenancy in common,

1 or similar arrangement, the resource (or the affected por-  
2 tion of such resource) shall be considered to be disposed  
3 of by the individual when any action is taken, either by  
4 the individual or by any other person, that reduces or  
5 eliminates the individual's ownership or control of such re-  
6 source.

7 “(E) In the case of a transfer by the spouse of an  
8 individual that results in a period of ineligibility for the  
9 individual under this subsection, the Commissioner shall  
10 apportion the period (or any portion of the period) among  
11 the individual and the individual's spouse if the spouse be-  
12 comes eligible for benefits under this title.

13 “(F) For purposes of this paragraph—

14 “(i) the term ‘benefits under this title’ includes  
15 payments of the type described in section 1616(a) of  
16 this Act and of the type described in section 212(b)  
17 of Public Law 93-66;

18 “(ii) the term ‘institutionalized individual’ has  
19 the meaning given such term in section 1917(e)(3);  
20 and

21 “(iii) the term ‘trust’ has the meaning given  
22 such term in subsection (e)(6)(A) of this section.”.

23 (b) EFFECTIVE DATE.—The amendments made by  
24 this section shall be effective with respect to disposals  
25 made on or after the date of enactment of this Act.

1 **SEC. 208. ADMINISTRATIVE PROCEDURE FOR IMPOSING**  
2 **PENALTIES FOR FALSE OR MISLEADING**  
3 **STATEMENTS.**

4 (a) **IN GENERAL.**—Part A of title XI of the Social  
5 Security Act (42 U.S.C. 1301 et seq.) is amended by in-  
6 serting after section 1129 the following:

7 **“SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING**  
8 **PENALTIES FOR FALSE OR MISLEADING**  
9 **STATEMENTS.**

10 “(a) **IN GENERAL.**—Any person who makes, or  
11 causes to be made, a statement or representation of a ma-  
12 terial fact for use in determining any initial or continuing  
13 right to or the amount of—

14 “(1) monthly insurance benefits under title II;

15 or

16 “(2) benefits or payments under title XVI,

17 that the person knows or should know is false or mis-  
18 leading or knows or should know omits a material fact  
19 or makes such a statement with knowing disregard for the  
20 truth shall be subject to, in addition to any other penalties  
21 that may be prescribed by law, a penalty described in sub-  
22 section (b) to be imposed by the Commissioner of Social  
23 Security.

24 “(b) **PENALTY.**—The penalty described in this sub-  
25 section is—

1           “(1) nonpayment of benefits under title II that  
2           would otherwise be payable to the person; and

3           “(2) ineligibility for cash benefits under title  
4           XVI,  
5 for each month that begins during the applicable period  
6 described in subsection (c).

7           “(c) DURATION OF PENALTY.—The duration of the  
8 applicable period, with respect to a determination by the  
9 Commissioner under subsection (a) that a person has en-  
10 gaged in conduct described in subsection (a), shall be—

11           “(1) 6 consecutive months, in the case of a first  
12           such determination with respect to the person;

13           “(2) 12 consecutive months, in the case of a  
14           second such determination with respect to the per-  
15           son; and

16           “(3) 24 consecutive months, in the case of a  
17           third or subsequent such determination with respect  
18           to the person.

19           “(d) EFFECT ON OTHER ASSISTANCE.—A person  
20 subject to a period of nonpayment of benefits under title  
21 II or ineligibility for title XVI benefits by reason of this  
22 section nevertheless shall be considered to be eligible for  
23 and receiving such benefits, to the extent that the person  
24 would be receiving or eligible for such benefits but for the  
25 imposition of the penalty, for purposes of—

1           “(1) determination of the eligibility of the per-  
2           son for benefits under titles XVIII and XIX; and

3           “(2) determination of the eligibility or amount  
4           of benefits payable under title II or XVI to another  
5           person.

6           “(e) DEFINITION.—In this section, the term ‘benefits  
7           under title XVI’ includes State supplementary payments  
8           made by the Commissioner pursuant to an agreement  
9           under section 1616(a) of this Act or section 212(b) of  
10          Public Law 93–66.

11          “(f) CONSULTATIONS.—The Commissioner of Social  
12          Security shall consult with the Inspector General of the  
13          Social Security Administration regarding initiating actions  
14          under this section.”.

15          (b) CONFORMING AMENDMENT PRECLUDING DE-  
16          LAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH  
17          A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Sec-  
18          tion 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B))  
19          is amended—

20                 (1) by striking “and” at the end of clause (i);

21                 (2) by striking the period at the end of clause

22                 (ii) and inserting “, and”; and

23                 (3) by adding at the end the following:

24                         “(iii) such individual was not subject to a  
25                         penalty imposed under section 1129A.”.

1       (c) ELIMINATION OF REDUNDANT PROVISION.—Sec-  
2 tion 1611(e) of such Act (42 U.S.C. 1382(e)) is  
3 amended—

4           (1) by striking paragraph (4);

5           (2) in paragraph (6)(A)(i), by striking “(5)”  
6 and inserting “(4)”; and

7           (3) by redesignating paragraphs (5) and (6) as  
8 paragraphs (4) and (5), respectively.

9       (d) REGULATIONS.—Within 6 months after the date  
10 of the enactment of this Act, the Commissioner of Social  
11 Security shall develop regulations that prescribe the ad-  
12 ministrative process for making determinations under sec-  
13 tion 1129A of the Social Security Act (including when the  
14 applicable period in subsection (c) of such section shall  
15 commence), and shall provide guidance on the exercise of  
16 discretion as to whether the penalty should be imposed  
17 in particular cases.

18       (e) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to statements and representations  
20 made on or after the date of the enactment of this Act.

1 **SEC. 209. EXCLUSION OF REPRESENTATIVES AND HEALTH**  
2 **CARE PROVIDERS CONVICTED OF VIOLA-**  
3 **TIONS FROM PARTICIPATION IN SOCIAL SE-**  
4 **CURITY PROGRAMS.**

5 (a) IN GENERAL.—Part A of title XI of the Social  
6 Security Act (42 U.S.C. 1301–1320b–17) is amended by  
7 adding at the end the following:

8 “EXCLUSION OF REPRESENTATIVES AND HEALTH CARE  
9 PROVIDERS CONVICTED OF VIOLATIONS FROM PAR-  
10 TICIPATION IN SOCIAL SECURITY PROGRAMS

11 “SEC. 1148. (a) IN GENERAL.—The Commissioner  
12 of Social Security shall exclude from participation in the  
13 social security programs any representative or health care  
14 provider—

15 “(1) who is convicted of a violation of section  
16 208 or 1632 of this Act,

17 “(2) who is convicted of any violation under  
18 title 18, United States Code, relating to an initial  
19 application for or continuing entitlement to, or  
20 amount of, benefits under title II of this Act, or an  
21 initial application for or continuing eligibility for, or  
22 amount of, benefits under title XVI of this Act, or

23 “(3) who the Commissioner determines has  
24 committed an offense described in section  
25 1129(a)(1) of this Act.

1       “(b) NOTICE, EFFECTIVE DATE, AND PERIOD OF  
2 EXCLUSION.—(1) An exclusion under this section shall be  
3 effective at such time, for such period, and upon such rea-  
4 sonable notice to the public and to the individual excluded  
5 as may be specified in regulations consistent with para-  
6 graph (2).

7       “(2) Such an exclusion shall be effective with respect  
8 to services furnished to any individual on or after the ef-  
9 fective date of the exclusion. Nothing in this section may  
10 be construed to preclude, in determining disability under  
11 title II or title XVI, consideration of any medical evidence  
12 derived from services provided by a health care provider  
13 before the effective date of the exclusion of the health care  
14 provider under this section.

15       “(3)(A) The Commissioner shall specify, in the notice  
16 of exclusion under paragraph (1), the period of the exclu-  
17 sion.

18       “(B) Subject to subparagraph (C), in the case of an  
19 exclusion under subsection (a), the minimum period of ex-  
20 clusion shall be five years, except that the Commissioner  
21 may waive the exclusion in the case of an individual who  
22 is the sole source of essential services in a community. The  
23 Commissioner’s decision whether to waive the exclusion  
24 shall not be reviewable.

1       “(C) In the case of an exclusion of an individual  
2 under subsection (a) based on a conviction or a determina-  
3 tion described in subsection (a)(3) occurring on or after  
4 the date of the enactment of this section, if the individual  
5 has (before, on, or after such date of enactment) been con-  
6 victed, or if such a determination has been made with re-  
7 spect to the individual—

8               “(i) on one previous occasion of one or more of-  
9 fenses for which an exclusion may be effected under  
10 such subsection, the period of the exclusion shall be  
11 not less than 10 years, or

12              “(ii) on 2 or more previous occasions of one or  
13 more offenses for which an exclusion may be effected  
14 under such subsection, the period of the exclusion  
15 shall be permanent.

16       “(c) NOTICE TO STATE AGENCIES.—The Commis-  
17 sioner shall promptly notify each appropriate State agency  
18 employed for the purpose of making disability determina-  
19 tions under section 221 or 1633(a)—

20              “(1) of the fact and circumstances of each ex-  
21 clusion effected against an individual under this sec-  
22 tion, and

23              “(2) of the period (described in subsection  
24 (b)(3)) for which the State agency is directed to ex-  
25 clude the individual from participation in the activi-

1 ties of the State agency in the course of its employ-  
2 ment.

3 “(d) NOTICE TO STATE LICENSING AGENCIES.—The  
4 Commissioner shall—

5 “(1) promptly notify the appropriate State or  
6 local agency or authority having responsibility for  
7 the licensing or certification of an individual ex-  
8 cluded from participation under this section of the  
9 fact and circumstances of the exclusion,

10 “(2) request that appropriate investigations be  
11 made and sanctions invoked in accordance with ap-  
12 plicable State law and policy, and

13 “(3) request that the State or local agency or  
14 authority keep the Commissioner and the Inspector  
15 General of the Social Security Administration fully  
16 and currently informed with respect to any actions  
17 taken in response to the request.

18 “(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—

19 (1) Any individual who is excluded (or directed to be ex-  
20 cluded) from participation under this section is entitled  
21 to reasonable notice and opportunity for a hearing thereon  
22 by the Commissioner to the same extent as is provided  
23 in section 205(b), and to judicial review of the Commis-  
24 sioner’s final decision after such hearing as is provided  
25 in section 205(g).

1       “(2) The provisions of section 205(h) shall apply with  
2 respect to this section to the same extent as it is applicable  
3 with respect to title II.

4       “(f) APPLICATION FOR TERMINATION OF EXCLU-  
5 SION.—(1) An individual excluded from participation  
6 under this section may apply to the Commissioner, in the  
7 manner specified by the Commissioner in regulations and  
8 at the end of the minimum period of exclusion provided  
9 under subsection (b)(3) and at such other times as the  
10 Commissioner may provide, for termination of the exclu-  
11 sion effected under this section.

12       “(2) The Commissioner may terminate the exclusion  
13 if the Commissioner determines, on the basis of the con-  
14 duct of the applicant which occurred after the date of the  
15 notice of exclusion or which was unknown to the Commis-  
16 sioner at the time of the exclusion, that—

17               “(A) there is no basis under subsection (a) for  
18 a continuation of the exclusion, and

19               “(B) there are reasonable assurances that the  
20 types of actions which formed the basis for the origi-  
21 nal exclusion have not recurred and will not recur.

22       “(3) The Commissioner shall promptly notify each  
23 State agency employed for the purpose of making dis-  
24 ability determinations under section 221 or 1633(a) of the

1 fact and circumstances of each termination of exclusion  
2 made under this subsection.

3       “(g) AVAILABILITY OF RECORDS OF EXCLUDED  
4 REPRESENTATIVES AND HEALTH CARE PROVIDERS.—  
5 Nothing in this section shall be construed to have the ef-  
6 fect of limiting access by any applicant or beneficiary  
7 under title II or XVI, any State agency acting under sec-  
8 tion 221 or 1633(a), or the Commissioner to records main-  
9 tained by any representative or health care provider in  
10 connection with services provided to the applicant or bene-  
11 ficiary prior to the exclusion of such representative or  
12 health care provider under this section.

13       “(h) REPORTING REQUIREMENT.—Any representa-  
14 tive or health care provider participating in, or seeking  
15 to participate in, a social security program shall inform  
16 the Commissioner, in such form and manner as the Com-  
17 missioner shall prescribe by regulation, whether such rep-  
18 resentative or health care provider has been convicted of  
19 a violation described in subsection (a).

20       “(i) DELEGATION OF AUTHORITY.—The Commis-  
21 sioner may delegate authority granted by this section to  
22 the Inspector General.

23       “(j) DEFINITIONS.—For purposes of this section:

24               “(1) EXCLUDE.—The term ‘exclude’ from par-  
25 ticipation means—

1           “(A) in connection with a representative,  
2           to prohibit from engaging in representation of  
3           an applicant for, or recipient of, benefits, as a  
4           representative payee under section 205(j) or  
5           1631(a)(2)(A)(ii), or otherwise as a representa-  
6           tive, in any hearing or other proceeding relating  
7           to entitlement to benefits, and

8           “(B) in connection with a health care pro-  
9           vider, to prohibit from providing items or serv-  
10          ices to an applicant for, or recipient of, benefits  
11          for the purpose of assisting such applicant or  
12          recipient in demonstrating disability.

13          “(2) SOCIAL SECURITY PROGRAM.—The term  
14          ‘social security programs’ means the program pro-  
15          viding for monthly insurance benefits under title II,  
16          and the program providing for monthly supplemental  
17          security income benefits to individuals under title  
18          XVI (including State supplementary payments made  
19          by the Commissioner pursuant to an agreement  
20          under section 1616(a) of this Act or section 212(b)  
21          of Public Law 93–66).

22          “(3) CONVICTED.—An individual is considered  
23          to have been ‘convicted’ of a violation—

24                 “(A) when a judgment of conviction has  
25                 been entered against the individual by a Fed-

1 eral, State, or local court, except if the judg-  
2 ment of conviction has been set aside or ex-  
3 punged;

4 “(B) when there has been a finding of  
5 guilt against the individual by a Federal, State,  
6 or local court;

7 “(C) when a plea of guilty or nolo  
8 contendere by the individual has been accepted  
9 by a Federal, State, or local court; or

10 “(D) when the individual has entered into  
11 participation in a first offender, deferred adju-  
12 dication, or other arrangement or program  
13 where judgment of conviction has been with-  
14 held.”.

15 (b) **EFFECTIVE DATE.**—The amendment made by  
16 this section shall apply with respect to convictions of viola-  
17 tions described in paragraphs (1) and (2) of section  
18 1148(a) of the Social Security Act and determinations de-  
19 scribed in paragraph (3) of such section occurring on or  
20 after the date of the enactment of this Act.

21 **SEC. 210. STATE DATA EXCHANGES.**

22 Whenever the Commissioner of Social Security re-  
23 quests information from a State for the purpose of  
24 ascertaining an individual’s eligibility for benefits (or the  
25 correct amount of such benefits) under title II or XVI of

1 the Social Security Act, the standards of the Commis-  
2 sioner promulgated pursuant to section 1106 of such Act  
3 or any other Federal law for the use, safeguarding, and  
4 disclosure of information are deemed to meet any stand-  
5 ards of the State that would otherwise apply to the disclo-  
6 sure of information by the State to the Commissioner.

7 **SEC. 211. STUDY ON POSSIBLE MEASURES TO IMPROVE**  
8 **FRAUD PREVENTION AND ADMINISTRATIVE**  
9 **PROCESSING.**

10 (a) STUDY.—As soon as practicable after the date of  
11 the enactment of this Act, the Commissioner of Social Se-  
12 curity, in consultation with the Inspector General of the  
13 Social Security Administration and the Attorney General,  
14 shall conduct a study of possible measures to improve—

15 (1) prevention of fraud on the part of individ-  
16 uals entitled to disability benefits under section 223  
17 of the Social Security Act or benefits under section  
18 202 of such Act based on the beneficiary's disability,  
19 individuals eligible for supplemental security income  
20 benefits under title XVI of such Act, and applicants  
21 for any such benefits; and

22 (2) timely processing of reported income  
23 changes by individuals receiving such benefits.

24 (b) REPORT.—Not later than 1 year after the date  
25 of the enactment of this Act, the Commissioner shall sub-

1 mit to the Committee on Ways and Means of the House  
2 of Representatives and the Committee on Finance of the  
3 Senate a written report that contains the results of the  
4 Commissioner's study under subsection (a). The report  
5 shall contain such recommendations for legislative and ad-  
6 ministrative changes as the Commissioner considers ap-  
7 propriate.

8 **SEC. 212. ANNUAL REPORT ON AMOUNTS NECESSARY TO**  
9 **COMBAT FRAUD.**

10 (a) **IN GENERAL.**—Section 704(b)(1) of the Social  
11 Security Act (42 U.S.C. 904(b)(1)) is amended—

12 (1) by inserting “(A)” after “(b)(1)”; and

13 (2) by adding at the end the following new sub-  
14 paragraph:

15 “(B) The Commissioner shall include in the annual  
16 budget prepared pursuant to subparagraph (A) an  
17 itemization of the amount of funds required by the Social  
18 Security Administration for the fiscal year covered by the  
19 budget to support efforts to combat fraud committed by  
20 applicants and beneficiaries.”.

21 (b) **EFFECTIVE DATE.**—The amendments made by  
22 this section shall apply with respect to annual budgets pre-  
23 pared for fiscal years after fiscal year 1999.

1 **SEC. 213. COMPUTER MATCHES WITH MEDICARE AND MED-**  
2 **ICAID INSTITUTIONALIZATION DATA.**

3 (a) IN GENERAL.—Section 1611(e)(1) of the Social  
4 Security Act (42 U.S.C. 1382(e)(1)), as amended by sec-  
5 tion 205(b)(2) of this Act, is further amended by adding  
6 at the end the following:

7 “(K) For the purpose of carrying out this paragraph,  
8 the Commissioner of Social Security shall conduct periodic  
9 computer matches with data maintained by the Secretary  
10 of Health and Human Services under title XVIII or XIX.  
11 The Secretary shall furnish to the Commissioner, in such  
12 form and manner and under such terms as the Commis-  
13 sioner and the Secretary shall mutually agree, such infor-  
14 mation as the Commissioner may request for this purpose.  
15 Information obtained pursuant to such a match may be  
16 substituted for the physician’s certification otherwise re-  
17 quired under subparagraph (G)(i).”.

18 (b) CONFORMING AMENDMENT.—Section  
19 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is  
20 amended by striking “subparagraph (H)” and inserting  
21 “subparagraph (H) or (K)”.

22 **SEC. 214. ACCESS TO INFORMATION HELD BY FINANCIAL**  
23 **INSTITUTIONS.**

24 Section 1631(e)(1)(B) of the Social Security Act (42  
25 U.S.C. 1383(e)(1)(B)) is amended—

1           (1) by striking “(B) The” and inserting “(B)(i)  
2       The”; and

3           (2) by adding at the end the following new  
4       clause:

5       “(ii)(I) The Commissioner of Social Security may re-  
6       quire each applicant for, or recipient of, benefits under  
7       this title to provide authorization by the applicant or re-  
8       cipient (or by any other person whose income or resources  
9       are material to the determination of the eligibility of the  
10      applicant or recipient for such benefits) for the Commis-  
11     sioner to obtain (subject to the cost reimbursement re-  
12     quirements of section 1115(a) of the Right to Financial  
13     Privacy Act) from any financial institution (within the  
14     meaning of section 1101(1) of such Act) any financial  
15     record (within the meaning of section 1101(2) of such  
16     Act) held by the institution with respect to the applicant  
17     or recipient (or any such other person) whenever the Com-  
18     missioner determines the record is needed in connection  
19     with a determination with respect to such eligibility or the  
20     amount of such benefits.

21       “(II) Notwithstanding section 1104(a)(1) of the  
22     Right to Financial Privacy Act, an authorization provided  
23     by an applicant or recipient (or any other person whose  
24     income or resources are material to the determination of  
25     the eligibility of the applicant or recipient) pursuant to

1 subclause (I) of this clause shall remain effective until the  
2 earliest of—

3           “(aa) the rendering of a final adverse decision  
4           on the applicant’s application for eligibility for bene-  
5           fits under this title;

6           “(bb) the cessation of the recipient’s eligibility  
7           for benefits under this title; or

8           “(cc) the express revocation by the applicant or  
9           recipient (or such other person referred to in sub-  
10          clause (I)) of the authorization, in a written notifica-  
11          tion to the Commissioner.

12          “(III)(aa) An authorization obtained by the Commis-  
13          sioner of Social Security pursuant to this clause shall be  
14          considered to meet the requirements of the Right to Fi-  
15          nancial Privacy Act for purposes of section 1103(a) of  
16          such Act, and need not be furnished to the financial insti-  
17          tution, notwithstanding section 1104(a) of such Act.

18          “(bb) The certification requirements of section  
19          1103(b) of the Right to Financial Privacy Act shall not  
20          apply to requests by the Commissioner of Social Security  
21          pursuant to an authorization provided under this clause.

22          “(cc) A request by the Commissioner pursuant to an  
23          authorization provided under this clause is deemed to meet  
24          the requirements of section 1104(a)(3) of the Right to Fi-

1 nancial Privacy Act and the flush language of section  
2 1102 of such Act.

3 “(IV) The Commissioner shall inform any person who  
4 provides authorization pursuant to this clause of the dura-  
5 tion and scope of the authorization.

6 “(V) If an applicant for, or recipient of, benefits  
7 under this title (or any such other person referred to in  
8 subclause (I)) refuses to provide, or revokes, any author-  
9 ization made by the applicant or recipient for the Commis-  
10 sioner of Social Security to obtain from any financial insti-  
11 tution any financial record, the Commissioner may, on  
12 that basis, determine that the applicant or recipient is in-  
13 eligible for benefits under this title.”.

## 14 **Subtitle B—Benefits for Filipino** 15 **Veterans of World War II**

16 **SEC. 251. PROVISION OF REDUCED SSI BENEFIT TO CER-**  
17 **TAIN INDIVIDUALS WHO PROVIDED SERVICE**  
18 **TO THE ARMED FORCES OF THE UNITED**  
19 **STATES IN THE PHILIPPINES DURING WORLD**  
20 **WAR II AFTER THEY MOVE BACK TO THE**  
21 **PHILIPPINES.**

22 (a) **IN GENERAL.**—Notwithstanding sections  
23 1611(f)(1) and 1614(a)(1)(B)(i) of the Social Security  
24 Act and sections 401 and 402 of the Personal Responsi-  
25 bility and Work Opportunity Reconciliation Act of 1996,

1 the eligibility of a qualified individual for benefits under  
2 the supplemental security income program under title XVI  
3 of the Social Security Act shall not terminate by reason  
4 of a change in the place of residence of the individual to  
5 the Philippines.

6 (b) BENEFIT AMOUNT.—Notwithstanding sub-  
7 sections (a) and (b) of section 1611 of the Social Security  
8 Act, the benefit payable under the supplemental security  
9 income program to a qualified individual for any month  
10 throughout which the individual resides in the Philippines  
11 shall be in an amount equal to 75 percent of the Federal  
12 benefit rate under title XVI of such Act for the month,  
13 reduced (after disregard of the amount specified in section  
14 1612(b)(2)(A) of such Act) by the amount of the qualified  
15 individual's benefit income for the month.

16 (c) DEFINITIONS.—In this section:

17 (1) QUALIFIED INDIVIDUAL.—The term “quali-  
18 fied individual” means an individual who—

19 (A) as of the date of the enactment of this  
20 Act, is eligible for benefits under the supple-  
21 mental security income program under title  
22 XVI of the Social Security Act on the basis of  
23 an application filed before such date;

24 (B) before August 15, 1945, served in the  
25 organized military forces of the Government of

1           the Commonwealth of the Philippines while  
2           such forces were in the service of the Armed  
3           Forces of the United States pursuant to the  
4           military order of the President dated July 26,  
5           1941, including among such military forces or-  
6           ganized guerrilla forces under commanders ap-  
7           pointed, designated, or subsequently recognized  
8           by the Commander in Chief, Southwest Pacific  
9           Area, or other competent military authority in  
10          the Army of the United States; and

11                   (C) has not been removed from the United  
12          States pursuant to section 237(a) of the Immi-  
13          gration and Nationality Act.

14           (2) FEDERAL BENEFIT RATE.—The term “Fed-  
15          eral benefit rate” means, with respect to a month,  
16          the amount of the cash benefit (not including any  
17          State supplementary payment which is paid by the  
18          Commissioner of Social Security pursuant to an  
19          agreement under section 1616(a) of the Social Secu-  
20          rity Act or section 212(b) of Public Law 93-66)  
21          payable for the month to an eligible individual with  
22          no income.

23           (3) BENEFIT INCOME.—The term “benefit in-  
24          come” means any recurring payment received by a  
25          qualified individual as an annuity, pension, retire-

1       ment, or disability benefit (including any veterans'  
2       compensation or pension, workmen's compensation  
3       payment, old-age, survivors, or disability insurance  
4       benefit, railroad retirement annuity or pension, and  
5       unemployment insurance benefit), but only if a simi-  
6       lar payment was received by the individual from the  
7       same (or a related) source during the 12-month pe-  
8       riod preceding the month in which the individual  
9       changes his place of residence from the United  
10      States to the Philippines.

11      (d) **EFFECTIVE DATE.**—This section shall be effec-  
12     tive with respect to supplemental security income benefits  
13     payable for months beginning after the date that is 1 year  
14     after the date of the enactment of this Act, or such earlier  
15     date that the Commissioner of Social Security determines  
16     is administratively feasible.

## 17           **TITLE III—CHILD SUPPORT**

### 18   **SEC. 301. ELIMINATION OF ENHANCED MATCHING FOR** 19                   **LABORATORY COSTS FOR PATERNITY ESTAB-** 20                   **LISHMENT.**

21      (a) **IN GENERAL.**—Section 455(a)(1) of the Social  
22     Security Act (42 U.S.C. 655(a)(1)) is amended by striking  
23     subparagraph (C) and redesignating subparagraph (D) as  
24     subparagraph (C).

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall be effective with respect to calendar  
3 quarters beginning on or after October 1, 1999.

4 **SEC. 302. ELIMINATION OF HOLD HARMLESS PROVISION**  
5 **FOR STATE SHARE OF DISTRIBUTION OF COL-**  
6 **LECTED CHILD SUPPORT.**

7 (a) IN GENERAL.—Section 457 of the Social Security  
8 Act (42 U.S.C. 657) is amended—

9 (1) in subsection (a), by striking “subsections  
10 (e) and (f)” and inserting “subsections (d) and (e)”;

11 (2) by striking subsection (d);

12 (3) in subsection (e), by striking the 2nd sen-  
13 tence; and

14 (4) by redesignating subsections (e) and (f) as  
15 subsections (d) and (e), respectively.

16 (b) EFFECTIVE DATE.—The amendments made by  
17 this section shall be effective with respect to calendar  
18 quarters beginning on or after October 1, 1999.

1                   **TITLE IV—TECHNICAL**  
2                   **CORRECTIONS**

3   **SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMEND-**  
4                   **MENTS MADE BY THE PERSONAL RESPONSIBI-**  
5                   **LITY AND WORK OPPORTUNITY REC-**  
6                   **ONCILIATION ACT OF 1996.**

7           (a) Section 402(a)(1)(B)(iv) of the Social Security  
8 Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking  
9 “Act” and inserting “section”.

10          (b) Section 409(a)(7)(B)(i)(II) of the Social Security  
11 Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by strik-  
12 ing “part” and inserting “section”.

13          (c) Section 413(g)(1) of the Social Security Act (42  
14 U.S.C. 613(g)(1)) is amended by striking “Act” and in-  
15 serting “section”.

16          (d) Section 413(i)(1) of the Social Security Act (42  
17 U.S.C. 613(i)(1)) is amended by striking “part” and in-  
18 serting “section”.

19          (e) Section 416 of the Social Security Act (42 U.S.C.  
20 616) is amended by striking “Opportunity Act” and in-  
21 serting “Opportunity Reconciliation Act” each place such  
22 term appears.

23          (f) Section 431(a)(6) of the Social Security Act (42  
24 U.S.C. 629a(a)(6)) is amended—

1 (1) by inserting “, as in effect before August  
2 22, 1986” after “482(i)(5)”; and

3 (2) by inserting “, as so in effect” after  
4 “482(i)(7)(A)”.

5 (g) Sections 452(a)(7) and 466(c)(2)(A)(i) of the So-  
6 cial Security Act (42 U.S.C. 652(a)(7) and  
7 666(c)(2)(A)(i)) are each amended by striking “Social Se-  
8 curity” and inserting “social security”.

9 (h) Section 454 of the Social Security Act (42 U.S.C.  
10 654) is amended—

11 (1) by striking “, or” at the end of each of  
12 paragraphs (6)(E)(i) and (19)(B)(i) and inserting “;  
13 or”;

14 (2) in paragraph (9), by striking the comma at  
15 the end of each of subparagraphs (A), (B), (C) and  
16 inserting a semicolon; and

17 (3) by striking “, and” at the end of each of  
18 paragraphs (19)(A) and (24)(A) and inserting “;  
19 and”.

20 (i) Section 454(24)(B) of the Social Security Act (42  
21 U.S.C. 654(24)(B)) is amended by striking “Opportunity  
22 Act” and inserting “Opportunity Reconciliation Act”.

23 (j) Section 344(b)(1)(A) of the Personal Responsi-  
24 bility and Work Opportunity Reconciliation Act of 1996  
25 (110 Stat. 2236) is amended to read as follows:

1           “(A) in paragraph (1), by striking sub-  
2           paragraph (B) and inserting the following:

3           ‘(B) equal to the percent specified in para-  
4           graph (3) of the sums expended during such  
5           quarter that are attributable to the planning,  
6           design, development, installation or enhance-  
7           ment of an automatic data processing and in-  
8           formation retrieval system (including in such  
9           sums the full cost of the hardware components  
10          of such system); and’; and”.

11          (k) Section 457(a)(2)(B)(i)(I) of the Social Security  
12 Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking  
13 “Act Reconciliation” and inserting “Reconciliation Act”.

14          (l) Section 457 of the Social Security Act (42 U.S.C.  
15 657) is amended by striking “Opportunity Act” each place  
16 it appears and inserting “Opportunity Reconciliation  
17 Act”.

18          (m) Section 466(a)(7) of the Social Security Act (42  
19 U.S.C. 666(a)(7)) is amended by striking “1681a(f))” and  
20 inserting “1681a(f))”.

21          (n) Section 466(b)(6)(A) of the Social Security Act  
22 (42 U.S.C. 666(b)(6)(A)) is amended by striking “state”  
23 and inserting “State”.

1 (o) Section 471(a)(8) of the Social Security Act (42  
2 U.S.C. 671(a)(8)) is amended by striking “(including ac-  
3 tivities under part F)”.

4 (p) Section 1137(a)(3) of the Social Security Act (42  
5 U.S.C. 1320b-7(a)(3)) is amended by striking  
6 “453A(a)(2)(B)(iii)” and inserting  
7 “453A(a)(2)(B)(ii))”.

8 (q) The amendments made by this section shall take  
9 effect as if included in the enactment of the Personal Re-  
10 sponsibility and Work Opportunity Reconciliation Act of  
11 1996.

○



# ***ACTION***

## **FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES**

FOR IMMEDIATE RELEASE CONTACT: (202) 225-1025  
May 21, 1999  
No. HR 2-A

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### **Johnson Announces Subcommittee Action on H.R. 1802, the "Foster Care Independence Act of 1999"**

Congresswoman Nancy L. Johnson (R-CT), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that on Thursday, May 20, 1999, the Subcommittee ordered favorably reported to the full Committee, as amended, H.R. 1802, the "Foster Care Independence Act of 1999," by voice vote.

#### **DESCRIPTION OF H.R. 1802 AS APPROVED:**

##### **Title I - Improved Independent Living Program Subtitle A: Improved Independent Living Program**

Purpose: The purpose of the revised Independent Living program would be to provide States with flexible funding to help children who are likely to age out of foster care at age 18, obtain employment, or continue their education. States would promote the self-sufficiency of these young people by providing assistance in obtaining a high school diploma, post-secondary education, career exploration, housing, vocational training, job placement and retention, training in budgeting, substance abuse prevention education, and education in preventive health measures including smoking avoidance and nutrition.

Applications: A State would be able to apply for grants for a period of five years by submitting to the Secretary of Health and Human Services a plan that specifies which State agency would administer and supervise the program and that describes how the State intends to design and implement programs to help these youth achieve self-sufficiency.

Certifications: A State would certify that, among other things: the State would provide assistance and services to children who have left foster care, but are under age 21; the State would provide Medicaid coverage to as many 18, 19, and 20 year olds who have left foster care as is feasible; States would provide training to foster parents to help them prepare youths for independent living; States would coordinate their Independent Living program with other programs; and States would ensure that adolescents accept personal responsibility for preparing for independence.

Approval: The Secretary would approve a State application if it met all the necessary requirements and certifications.

Grants to States: A State with an approved plan would receive an annual share of \$140 million proportional to the number of all foster care children in the nation who reside in each State. States provide a 20 percent match of Federal funds. Unused funds would be distributed to other States.

Use of Funds: A State would be able to use the grant in any manner that is reasonably calculated to

accomplish the purposes outlined above. Funds paid to a State would supplement and not supplant other funds.

Penalties: States would be penalized for spending grant funds for purposes other than those detailed above or for failing to report annual program data to the Federal Government.

State Data Reporting: The Secretary, in consultation with others, would develop outcome measures (including measures of educational attainment, employment, and avoidance of dependency) that can be used to assess performance of State Independent Living programs. The Secretary would also identify data elements needed to track the number and characteristics of children receiving services, the type and quantity of services being provided, and State performance on the outcome measures.

Evaluations: The Secretary would conduct scientific evaluations of selected State programs and provide technical assistance to the States; \$2.1 million per year would be provided for this purpose.

### **Subtitle B: Related Foster Care Provision**

Assets Increase: Foster care children who are eligible for Federal IV-E funds would be able to save assets of up to \$10,000 (instead of \$1,000) without losing IV-E eligibility.

### **Subtitle C: Medicaid Amendments (Under the jurisdiction of the Committee on Commerce)**

Medicaid Coverage: The Medicaid statute would be changed to permit States to provide Medicaid coverage to those 18, 19, and 20 year olds who have left foster care. States would also be permitted to use means testing to provide Medicaid to former foster care youths if their income and resources are below certain specified levels.

## **Title II - Supplemental Security Income (SSI) Fraud Prevention**

### **Subtitle A: Fraud Prevention and Related Provisions**

Liability of Representative Payees for Overpayments to Deceased Recipients: Representative payees who do not return payments made after the death of a beneficiary would be held liable for repayment.

Recovery of Overpayments of SSI Benefits: To recover prior SSI overpayments, the Social Security Administration (SSA) would offset lump sum payments to previous recipients who apply for and receive new benefits by at least 50 percent.

Additional Debt Collection Practices: SSA would be able to use credit bureau reports, private debt collection agencies, State and Federal intercepts, and other means deemed effective by the SSA Commissioner to facilitate collection of overpayments.

Requirement to Provide State Prisoner Information: SSA would be required to share its prisoner database with other Federal departments and agencies to prevent the continued fraudulent payment of other benefits.

Rules Relating to Collection of Overpayments from Individuals Convicted of Crimes: SSA would not be able to grant prisoners or fugitive felons a hardship waiver. Fugitive felons or former prisoners who knowingly fail to disclose to SSA at the time of reapplication their prior receipt of overpayments while a prisoner, or fail to abide by a repayment schedule, would be ineligible for benefits for 10 years.

Treatment of Assets Held in Trust Under the SSI Program: Trusts would be considered to be resources in determining SSI eligibility (subject to rules and exceptions similar to those in Medicaid law).

Disposal of Resources for Less than Fair Market Value: If resources are disposed of at less than fair market value within 36 months before the date of application for SSI, the applicant would be ineligible for benefits for the number of months equal to the uncompensated value of the resources divided by the maximum monthly SSI benefit (subject to rules and protections similar to those in Medicaid law).

Administrative Procedure for Imposing Penalties for False Statements: A new SSA administrative process would be established to determine whether individuals have fraudulently claimed benefits. Individuals who commit fraud would be barred from eligibility.

Exclusion of Representatives and Health Care Providers Convicted of Violations from Social Security Programs: Representatives and health care providers convicted of fraud or administratively fined for fraud involving SSI or Social Security eligibility determinations would be barred from further program participation for at least 5 years (10 years for a second conviction, and permanently for a third).

State Data Exchanges: To facilitate data sharing with States, SSA standards on data privacy would be deemed to meet all State standards for sharing data.

Study on Measures to Improve Fraud Prevention and Administrative Processing: The Commissioner would be required to study and report to Congress within one year on legislative and administrative reforms that would reduce or prevent SSI and Social Security disability fraud and overpayments.

Annual Report on Amounts Necessary to Combat Fraud: The Commissioner would be required to include in the SSA budget an itemization of the funds needed to combat SSI and Social Security fraud.

Computer Matches with Medicare and Medicaid Institutionalization Data: SSA would compare Medicaid and Medicare data with SSI rolls to find nursing home residents receiving full SSI benefits.

Access to Information Held by Financial Institutions: SSI participants would be required to authorize SSA to obtain financial record information retained by financial institutions that will assist in determining an individual's eligibility for and amount of benefits.

## **Subtitle B: Benefits for Filipino Veterans of World War II**

Provision of Reduced SSI Benefits to Certain Individuals Who Provided Service to the Armed Forces of the United States in the Philippines During World War II After They Move Back to the Philippines: Certain Filipino veterans of the United States in World War II would be eligible for continued SSI benefits if they move back to the Philippines. Veterans who move to the Philippines would be paid 75 percent of their benefit amount.

## **Title III - Child Support**

Elimination of Enhanced Matching for Laboratory Costs for Paternity Establishment. The Federal Government would stop reimbursing States at the rate of 90 percent for costs of paternity establishment and instead would reimburse States at the regular 66 percent match rate for program administration.

Elimination of Hold Harmless Provision for State Share of Distribution of Collected Child Support. The provision would be repealed that requires the Federal Government to ensure that States receive at least as much money each year as the amount they obtained in 1995 from retained child support collections.

#### **Title IV - Technical Corrections**

This title contains 17 technical amendments to the 1996 Welfare Reform Law.

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## FOSTER CARE INDEPENDENCE ACT OF 1999

JUNE 10, 1999.—Ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means, submitted the following

### REPORT

[To accompany H.R. 1802]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Foster Care Independence Act of 1999”.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM****Subtitle A—Improved Independent Living Program**

Sec. 101. Improved independent living program.

**Subtitle B—Related Foster Care Provision**

Sec. 111. Increase in amount of assets allowable for children in foster care.

**Subtitle C—Medicaid Amendments**

Sec. 121. State option of medicaid coverage for adolescents leaving foster care.

**TITLE II—SSI FRAUD PREVENTION****Subtitle A—Fraud Prevention and Related Provisions**

- Sec. 201. Liability of representative payees for overpayments to deceased recipients.  
 Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.  
 Sec. 203. Additional debt collection practices.  
 Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.  
 Sec. 205. Rules relating to collection of overpayments from individuals convicted of crimes.  
 Sec. 206. Treatment of assets held in trust under the SSI program.  
 Sec. 207. Disposal of resources for less than fair market value under the SSI program.  
 Sec. 208. Administrative procedure for imposing penalties for false or misleading statements.  
 Sec. 209. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.  
 Sec. 210. State data exchanges.  
 Sec. 211. Study on possible measures to improve fraud prevention and administrative processing.  
 Sec. 212. Annual report on amounts necessary to combat fraud.  
 Sec. 213. Computer matches with medicare and medicaid institutionalization data.  
 Sec. 214. Access to information held by financial institutions.

**Subtitle B—Benefits for Filipino Veterans of World War II**

Sec. 251. Provision of reduced SSI benefit to certain individuals who provided service to the Armed Forces of the United States in the Philippines during World War II after they move back to the Philippines.

**TITLE III—CHILD SUPPORT**

Sec. 301. Elimination of hold harmless provision for State share of distribution of collected child support.

**TITLE IV—TECHNICAL CORRECTIONS**

Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

## **TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM**

### **Subtitle A—Improved Independent Living Program**

**SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.**

(a) **FINDINGS.**—The Congress finds the following:

(1) States are required to make reasonable efforts to find adoptive families for all children, including older children, for whom reunification with their biological family is not in the best interests of the child. However, some older children will continue to live in foster care. These children should be enrolled in an Independent Living program designed and conducted by State and local government to help prepare them for employment, postsecondary education, and successful management of adult responsibilities.

(2) About 20,000 adolescents leave the Nation's foster care system each year because they have reached 18 years of age and are expected to support themselves.

(3) Congress has received extensive information that adolescents leaving foster care have significant difficulty making a successful transition to adulthood; this information shows that children aging out of foster care show high rates of homelessness, non-marital childbearing, poverty, and delinquent or criminal behavior; they are also frequently the target of crime and physical assaults.

(4) The Nation's State and local governments, with financial support from the Federal Government, should offer an extensive program of education, training,

employment, and financial support for young adults leaving foster care, with participation in such program beginning several years before high school graduation and continuing, as needed, until the young adults emancipated from foster care establish independence or reach 21 years of age.

(b) IMPROVED INDEPENDENT LIVING PROGRAM.—Section 477 of the Social Security Act (42 U.S.C. 677) is amended to read as follows:

**“SEC. 477. INDEPENDENT LIVING PROGRAM.**

“(a) PURPOSE.—The purpose of this section is to provide States with flexible funding that will enable programs to be designed and conducted—

“(1) to identify children who are likely to remain in foster care until 18 years of age and to design programs that help these children make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);

“(2) to help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;

“(3) to help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;

“(4) to provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults; and

“(5) to provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

**“(b) APPLICATIONS.—**

“(1) IN GENERAL.—A State may apply for funds from its allotment under subsection (c) for a period of 5 consecutive fiscal years by submitting to the Secretary, in writing, a plan that meets the requirements of paragraph (2) and the certifications required by paragraph (3) with respect to the plan.

“(2) STATE PLAN.—A plan meets the requirements of this paragraph if the plan specifies which State agency or agencies will administer, supervise, or oversee the programs carried out under the plan, and describes how the State intends to do the following:

“(A) Design and deliver programs to achieve the purposes of this section.

“(B) Ensure that all political subdivisions in the State are served by the program, though not necessarily in a uniform manner.

“(C) Ensure that the programs serve children of various ages and at various stages of achieving independence.

“(D) Involve the public and private sectors in helping adolescents in foster care achieve independence.

“(E) Use objective criteria for determining eligibility for benefits and services under the programs, and for ensuring fair and equitable treatment of benefit recipients.

“(F) Cooperate in national evaluations of the effects of the programs in achieving the purposes of this section.

“(3) CERTIFICATIONS.—The certifications required by this paragraph with respect to a plan are the following:

“(A) A certification by the chief executive officer of the State that the State will provide assistance and services to children who have left foster care but have not attained 21 years of age.

“(B) A certification by the chief executive officer of the State that not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care and have attained 18 years of age but not 21 years of age.

“(C) A certification by the chief executive officer of the State that none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.

“(D) A certification by the chief executive officer of the State that the State will use training funds provided under the program of Federal pay-

ments for foster care and adoption assistance to provide training to help foster parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.

“(E) A certification by the chief executive officer of the State that the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.

“(F) A certification by the chief executive officer of the State that the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.

“(G) A certification by the chief executive officer of the State that each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.

“(H) A certification by the chief executive officer of the State that the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.

“(I) A certification by the chief executive officer of the State that the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

“(4) APPROVAL.—The Secretary shall approve an application submitted by a State pursuant to paragraph (1) for a period if—

“(A) the application is submitted on or before June 30 of the calendar year in which such period begins; and

“(B) the Secretary finds that the application contains the material required by paragraph (1).

“(5) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS; NOTIFICATION.—A State with an application approved under paragraph (4) may implement any amendment to the plan contained in the application if the application, incorporating the amendment, would be approvable under paragraph (4). Within 30 days after a State implements any such amendment, the State shall notify the Secretary of the amendment.

“(6) AVAILABILITY.—The State shall make available to the public any application submitted by the State pursuant to paragraph (1), and a brief summary of the plan contained in the application.

“(c) ALLOTMENTS TO STATES.—

“(1) IN GENERAL.—From the amount specified in subsection (h) that remains after applying subsection (g)(2) for a fiscal year, the Secretary shall allot to each State with an application approved under subsection (b) for the fiscal year the amount which bears the same ratio to such remaining amount as the number of children in foster care under a program of the State in the most recent fiscal year for which such information is available bears to the total number of children in foster care in all States for such most recent fiscal year.

“(2) HOLD HARMLESS PROVISION.—The Secretary shall ratably reduce the allotments made to States pursuant to paragraph (1) for a fiscal year to the extent necessary to ensure that the amount allotted to each State under paragraph (1) and this paragraph for the fiscal year is not less than the amount payable to the State under this section (as in effect before the enactment of the Foster Care Independence Act of 1999) for fiscal year 1998.

“(3) REALLOTMENT OF UNUSED FUNDS.—The Secretary shall use the formula provided in paragraph (1) of this subsection to reallocate among the States with applications approved under subsection (b) for a fiscal year any amount allotted to a State under this subsection for the preceding year that is not payable to the State for the preceding year.

“(d) USE OF FUNDS.—

“(1) IN GENERAL.—A State to which an amount is paid from its allotment under subsection (c) may use the amount in any manner that is reasonably calculated to accomplish the purposes of this section.

“(2) NO SUPPLANTATION OF OTHER FUNDS AVAILABLE FOR SAME GENERAL PURPOSES.—The amounts paid to a State from its allotment under subsection (c) shall be used to supplement and not supplant any other funds which are available for the same general purposes in the State.

“(e) PENALTIES.—

“(1) USE OF GRANT IN VIOLATION OF THIS PART.—If the Secretary is made aware, by an audit conducted under chapter 75 of title 31, United States Code, or by any other means, that a program receiving funds from an allotment made to a State under subsection (c) has been operated in a manner that is inconsistent with, or not disclosed in the State application approved under subsection (b), the Secretary shall assess a penalty against the State in an amount equal to not less than 1 percent and not more than 5 percent of the amount of the allotment.

“(2) FAILURE TO COMPLY WITH DATA REPORTING REQUIREMENT.—The Secretary shall assess a penalty against a State that fails during a fiscal year to comply with an information collection plan implemented under subsection (f) in an amount equal to not less than 1 percent and not more than 5 percent of the amount allotted to the State for the fiscal year.

“(3) PENALTIES BASED ON DEGREE OF NONCOMPLIANCE.—The Secretary shall assess penalties under this subsection based on the degree of noncompliance.

“(f) DATA COLLECTION AND PERFORMANCE MEASUREMENT.—

“(1) IN GENERAL.—The Secretary, in consultation with State and local public officials responsible for administering independent living and other child welfare programs, child welfare advocates, members of Congress, youth service providers, and researchers, shall—

“(A) develop outcome measures (including measures of educational attainment, employment, avoidance of dependency, homelessness, nonmarital childbirth, and high-risk behaviors) that can be used to assess the performance of States in operating independent living programs;

“(B) identify data elements needed to track—

“(i) the number and characteristics of children receiving services under this section;

“(ii) the type and quantity of services being provided; and

“(iii) State performance on the outcome measures; and

“(C) develop and implement a plan to collect the needed information beginning with the 2nd fiscal year beginning after the date of the enactment of this section.

“(2) REPORT TO THE CONGRESS.—Within 12 months after the date of the enactment of this section, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the plans and timetable for collecting from the States the information described in paragraph (1).

“(g) EVALUATIONS.—

“(1) IN GENERAL.—The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of any such program shall include information on the effects of the program on education, employment, and personal development. To the maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.

“(2) FUNDING OF EVALUATIONS.—The Secretary shall reserve 1.5 percent of the amount specified in subsection (h) for a fiscal year to carry out, during the fiscal year, evaluation, technical assistance, performance measurement, and data collection activities related to this section, directly or through grants, contracts, or cooperative agreements with appropriate entities.

“(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section and for payments to States under section 474(a)(4), there are authorized to be appropriated to the Secretary \$140,000,000 for each fiscal year.”

(c) PAYMENTS TO STATES.—Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

“(4) the lesser of—

“(A) 80 percent of the amount (if any) by which—

“(i) the total amount expended by the State during the fiscal year in which the quarter occurs to carry out programs in accordance with the State application approved under section 477(b) for the period in which the quarter occurs (including any amendment that meets the requirements of section 477(b)(5)); exceeds

“(ii) the total amount of any penalties assessed against the State under section 477(e) during the fiscal year in which the quarter occurs;

or

“(B) the amount allotted to the State under section 477 for the fiscal year in which the quarter occurs, reduced by the total of the amounts payable to the State under this paragraph for all prior quarters in the fiscal year.”.

(d) REGULATIONS.—Not later than 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue such regulations as may be necessary to carry out the amendments made by this section.

(e) SENSE OF THE CONGRESS.—It is the sense of the Congress that States should provide medical assistance under the State plan approved under title XIX of the Social Security Act to 18-, 19-, and 20-year-olds who have been emancipated from foster care.

## Subtitle B—Related Foster Care Provision

### SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: “In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than \$10,000 shall be considered to be a child whose resources have a combined value of not more than \$1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).”.

## Subtitle C—Medicaid Amendments

### SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR ADOLESCENTS LEAVING FOSTER CARE.

(a) IN GENERAL.—Title XIX of the Social Security Act is amended—

(1) in section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii))—

(A) by striking “or” at the end of subclause (XIII);

(B) by adding “or” at the end of subclause (XIV); and

(C) by adding at the end the following new subclause:

“(XV) who are independent foster care adolescents (as defined in section 1905(v)(1)), or who are within any reasonable categories of such adolescents specified by the State;”;

(2) by adding at the end of section 1905 (42 U.S.C. 1396d) the following new subsection:

“(v)(1) For purposes of this title, the term ‘independent foster care adolescent’ means an individual—

“(A) who is under 21 years of age;

“(B) who, on the individual’s 18th birthday, was in foster care under the responsibility of a State; and

“(C) whose assets, resources, and income do not exceed such levels (if any) as the State may establish consistent with paragraph (2).

“(2) The levels established by a State under paragraph (1)(C) may not be less than the corresponding levels applied by the State under section 1931(b).

“(3) A State may limit the eligibility of independent foster care adolescents under section 1902(a)(10)(A)(ii)(XV) to those individuals with respect to whom foster care maintenance payments or independent living services were furnished under a program funded under part E of title IV before the date the individuals attained 18 years of age.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to medical assistance for items and services furnished on or after October 1, 1999.

## TITLE II—SSI FRAUD PREVENTION

### Subtitle A—Fraud Prevention and Related Provisions

#### SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR OVERPAYMENTS TO DECEASED RECIPIENTS.

(a) AMENDMENT TO TITLE II.—Section 204(a)(2) of the Social Security Act (42 U.S.C. 404(a)(2)) is amended by adding at the end the following new sentence: “If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual’s death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.”

(b) AMENDMENT TO TITLE XVI.—Section 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amended by adding at the end the following new sentence: “If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual’s death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to overpayments made 12 months or more after the date of the enactment of this Act.

#### SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS FROM LUMP SUM SSI BENEFIT PAYMENTS.

(a) IN GENERAL.—Section 1631(b)(1)(B)(ii) of the Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is amended—

(1) by inserting “monthly” before “benefit payments”; and

(2) by inserting “and in the case of an individual or eligible spouse to whom a lump sum is payable under this title (including under section 1616(a) of this Act or under an agreement entered into under section 212(a) of Public Law 93–66) shall, as at least one means of recovering such overpayment, make the adjustment or recovery from the lump sum payment in an amount equal to not less than the lesser of the amount of the overpayment or 50 percent of the lump sum payment,” before “unless fraud”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect 12 months after the date of the enactment of this Act and shall apply to amounts incorrectly paid which remain outstanding on or after such date.

#### SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.

(a) IN GENERAL.—Section 1631(b) of the Social Security Act (42 U.S.C. 1383(b)) is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following:

“(4)(A) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, all as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

“(B) For purposes of subparagraph (A), the term ‘delinquent amount’ means an amount—

“(i) in excess of the correct amount of payment under this title;

“(ii) paid to a person after such person has attained 18 years of age; and

“(iii) determined by the Commissioner of Social Security, under regulations, to be otherwise unrecoverable under this section after such person ceases to be a beneficiary under this title.”

(b) CONFORMING AMENDMENTS.—Section 3701(d)(2) of title 31, United States Code, is amended by striking “section 204(f)” and inserting “sections 204(f) and 1631(b)(4)”.

(c) TECHNICAL AMENDMENTS.—Section 204(f) of the Social Security Act (42 U.S.C. 404(f)) is amended—

(1) by striking “3711(e)” and inserting “3711(f)”; and

(2) by inserting “all” before “as in effect”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to debt outstanding on or after the date of the enactment of this Act.

**SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER INFORMATION TO FEDERAL AND FEDERALLY ASSISTED BENEFIT PROGRAMS.**

Section 1611(e)(1)(I)(ii)(II) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking “is authorized to” and inserting “shall”.

**SEC. 205. RULES RELATING TO COLLECTION OF OVERPAYMENTS FROM INDIVIDUALS CONVICTED OF CRIMES.**

(a) **WAIVERS INAPPLICABLE TO OVERPAYMENTS BY REASON OF PAYMENT IN MONTHS IN WHICH BENEFICIARY IS A PRISONER OR A FUGITIVE.**—

(1) **AMENDMENT TO TITLE II.**—Section 204(b) of the Social Security Act (42 U.S.C. 404(b)) is amended—

(A) by inserting “(1)” after “(b)”; and

(B) by adding at the end the following:

“(2) Paragraph (1) shall not apply with respect to any payment to any person made during a month in which such benefit was not payable under section 202(x).”

(2) **AMENDMENT TO TITLE XVI.**—Section 1631(b)(1)(B)(i) of such Act (42 U.S.C. 1383(b)(1)(B)(i)) is amended by inserting “unless (I) section 1611(e)(1) prohibits payment to the person of a benefit under this title for the month by reason of confinement of a type described in clause (i) or (ii) of section 202(x)(1)(A), or (II) section 1611(e)(5) prohibits payment to the person of a benefit under this title for the month,” after “administration of this title.”

(b) **10-YEAR PERIOD OF INELIGIBILITY FOR PERSONS FAILING TO NOTIFY COMMISSIONER OF OVERPAYMENTS IN MONTHS IN WHICH BENEFICIARY IS A PRISONER OR A FUGITIVE OR FAILING TO COMPLY WITH REPAYMENT SCHEDULE FOR SUCH OVERPAYMENTS.**—

(1) **AMENDMENT TO TITLE II.**—Section 202(x) of such Act (42 U.S.C. 402(x)) is amended by adding at the end the following:

“(4)(A) No person shall be considered entitled to monthly insurance benefits under this section based on the person’s disability or to disability insurance benefits under section 223 otherwise payable during the 10-year period that begins on the date the person—

“(i) knowingly fails to timely notify the Commissioner of Social Security, in connection with any application for benefits under this title, of any prior receipt by such person of any benefit under this title or title XVI in any month in which such benefit was not payable under the preceding provisions of this subsection, or

“(ii) knowingly fails to comply with any schedule imposed by the Commissioner which is for repayment of overpayments comprised of payments described in subparagraph (A) and which is in compliance with section 204.

“(B) The Commissioner of Social Security shall, in addition to any other relevant factors, take into account any mental or linguistic limitations of a person (including any lack of facility with the English language) in determining whether the person has knowingly failed to comply with a requirement of clause (i) or (ii) of subparagraph (A).”

(2) **AMENDMENT TO TITLE XVI.**—Section 1611(e)(1) of such Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following:

“(J)(i) A person shall not be considered an eligible individual or eligible spouse for purposes of benefits under this title by reason of disability, during the 10-year period that begins on the date the person—

“(I) knowingly fails to timely notify the Commissioner of Social Security, in an application for benefits under this title, of any prior receipt by the person of a benefit under this title or title II in a month in which payment to the person of a benefit under this title was prohibited by—

“(aa) the preceding provisions of this paragraph by reason of confinement of a type described in clause (i) or (ii) of section 202(x)(1)(A); or

“(bb) section 1611(e)(4); or

“(II) knowingly fails to comply with any schedule imposed by the Commissioner which is for repayment of overpayments comprised of payments described in clause (i) of this subparagraph and which is in compliance with section 1631(b).

“(ii) The Commissioner of Social Security shall, in addition to any other relevant factors, take into account any mental or linguistic limitations of a person (including any lack of facility with the English language) in determining whether the person has knowingly failed to comply with a requirement of subclause (I) or (II) of clause (i).”

(c) **CONTINUED COLLECTION EFFORTS AGAINST PRISONERS.**—

(1) AMENDMENT TO TITLE II.—Section 204(b) of such Act (42 U.S.C. 404(b)), as amended by subsection (a)(1) of this section, is amended further by adding at the end the following new paragraph:

“(3) The Commissioner shall not refrain from recovering overpayments from resources currently available to any overpaid person or to such person’s estate solely because such individual is confined as described in clause (i) or (ii) of section 202(x)(1)(A).”

(2) AMENDMENT TO TITLE XVI.—Section 1631(b)(1)(A) of such Act (42 U.S.C. 1383(b)(1)(A)) is amended by adding after and below clause (ii) the following flush left sentence:

“The Commissioner shall not refrain from recovering overpayments from resources currently available to any individual solely because the individual is confined as described in clause (i) or (ii) of section 202(x)(1)(A).”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to overpayments made in, and to benefits payable for, months beginning 24 months or more after the date of the enactment of this Act.

**SEC. 206. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM.**

(a) TREATMENT AS RESOURCE.—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

“Trusts

“(e)(1) In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual.

“(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual’s spouse) are transferred to the trust other than by will.

“(B) In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual’s spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual’s spouse).

“(C) This subsection shall apply to a trust without regard to—

“(i) the purposes for which the trust is established;

“(ii) whether the trustees have or exercise any discretion under the trust;

“(iii) any restrictions on when or whether distributions may be made from the trust; or

“(iv) any restrictions on the use of distributions from the trust.

“(3)(A) In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.

“(B) In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual or the individual’s spouse, the portion of the corpus from which payment to or for the benefit of the individual or the individual’s spouse could be made shall be considered a resource available to the individual.

“(4) The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commissioner determines that such application would work an undue hardship (as determined on the basis of criteria established by the Commissioner) on the individual.

“(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

“(6) For purposes of this subsection—

“(A) the term ‘trust’ includes any legal instrument or device that is similar to a trust;

“(B) the term ‘corpus’ means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

“(C) the term ‘asset’ includes any income or resource of the individual or of the individual’s spouse, including—

“(i) any income excluded by section 1612(b);

“(ii) any resource otherwise excluded by this section; and

“(iii) any other payment or property to which the individual or the individual’s spouse is entitled but does not receive or have access to because of action by—

“(I) the individual or spouse;

“(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

“(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse.”

(b) TREATMENT AS INCOME.—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

- (1) by striking “and” at the end of subparagraph (E);
- (2) by striking the period at the end of subparagraph (F) and inserting “; and”;

(3) by adding at the end the following:

“(G) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual.”

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2000, and shall apply to trusts established on or after such date.

**SEC. 207. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM**

(a) IN GENERAL.—Section 1613(c) of the Social Security Act (42 U.S.C. 1382b(c)) is amended—

- (1) in the caption, by striking “Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on”;

(2) in paragraph (1)—

(A) in subparagraph (A)—

- (i) by inserting “paragraph (1) and” after “provisions of”;
- (ii) by striking “title XIX” the first place it appears and inserting “this title and title XIX, respectively,”;
- (iii) by striking “subparagraph (B)” and inserting “clause (ii)”;
- (iv) by striking “paragraph (2)” and inserting “subparagraph (B)”;

(B) in subparagraph (B)—

- (i) by striking “by the State agency”; and
- (ii) by striking “section 1917(c)” and all that follows and inserting “paragraph (1) or section 1917(c).”; and

(C) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) in paragraph (2)—

- (A) by striking “(2)” and inserting “(B)”; and
- (B) by striking “paragraph (1)(B)” and inserting “subparagraph (A)(ii)”;

(4) by striking “(c)(1)” and inserting “(2)(A)”; and

(5) by inserting before paragraph (2) (as so redesignated by paragraph (4) of this subsection) the following:

“(c)(1)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

“(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

“(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

“(iii) The date described in this clause is the first day of the first month in or after which resources were disposed of for less than fair market value and which does not occur in any other period of ineligibility under this paragraph.

“(iv) The number of months calculated under this clause shall be equal to—

“(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

“(II) the amount of the maximum monthly benefit payable under section 1611(b), plus the amount (if any) of the maximum State supplementary payment corresponding to the State’s payment level applicable to the individual’s living arrangement and eligibility category that would otherwise be payable to the individual by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93–66, for the month in which occurs the date described in clause (ii)(II),

rounded, in the case of any fraction, to the nearest whole number, but shall not in any case exceed 36 months.

"(B)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

"(ii) In the case of a trust established by an individual or an individual's spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual;

or

"(II) no payment could under any circumstance be made to the individual, then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual's spouse as of the date of the payment or foreclosure, as the case may be.

"(C) An individual shall not be ineligible for benefits under this title by reason of the application of this paragraph to a disposal of resources by the individual or the spouse of the individual, to the extent that—

"(i) the resources are a home and title to the home was transferred to—

"(I) the spouse of the transferor;

"(II) a child of the transferor who has not attained 21 years of age, or is blind or disabled;

"(III) a sibling of the transferor who has an equity interest in such home and who was residing in the transferor's home for a period of at least 1 year immediately before the date the transferor becomes an institutionalized individual; or

"(IV) a son or daughter of the transferor (other than a child described in subclause (II)) who was residing in the transferor's home for a period of at least 2 years immediately before the date the transferor becomes an institutionalized individual, and who provided care to the transferor which permitted the transferor to reside at home rather than in such an institution or facility;

"(ii) the resources—

"(I) were transferred to the transferor's spouse or to another for the sole benefit of the transferor's spouse;

"(II) were transferred from the transferor's spouse to another for the sole benefit of the transferor's spouse;

"(III) were transferred to, or to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of, the transferor's child who is blind or disabled; or

"(IV) were transferred to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of an individual who has not attained 65 years of age and who is disabled;

"(iii) a satisfactory showing is made to the Commissioner of Social Security (in accordance with regulations promulgated by the Commissioner) that—

"(I) the individual who disposed of the resources intended to dispose of the resources either at fair market value, or for other valuable consideration;

"(II) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

"(III) all resources transferred for less than fair market value have been returned to the transferor; or

"(iv) the Commissioner determines, under procedures established by the Commissioner, that the denial of eligibility would work an undue hardship as determined on the basis of criteria established by the Commissioner.

"(D) For purposes of this subsection, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by the individual when any action is taken, either by the individual or by any other person, that reduces or eliminates the individual's ownership or control of such resource.

"(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual's spouse if the spouse becomes eligible for benefits under this title.

"(F) For purposes of this paragraph—

"(i) the term 'benefits under this title' includes payments of the type described in section 1616(a) of this Act and of the type described in section 212(b) of Public Law 93-66;

"(ii) the term 'institutionalized individual' has the meaning given such term in section 1917(e)(3); and

"(iii) the term 'trust' has the meaning given such term in subsection (e)(6)(A) of this section."

(b) **EFFECTIVE DATE.**—The amendments made by this section shall be effective with respect to disposals made on or after the date of enactment of this Act.

**SEC. 208. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

(a) **IN GENERAL.**—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129 the following:

**"SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

"(a) **IN GENERAL.**—Any person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to or the amount of—

"(1) monthly insurance benefits under title II; or

"(2) benefits or payments under title XVI,

that the person knows or should know is false or misleading or knows or should know omits a material fact or makes such a statement with knowing disregard for the truth shall be subject to, in addition to any other penalties that may be prescribed by law, a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.

"(b) **PENALTY.**—The penalty described in this subsection is—

"(1) nonpayment of benefits under title II that would otherwise be payable to the person; and

"(2) ineligibility for cash benefits under title XVI, for each month that begins during the applicable period described in subsection (c).

"(c) **DURATION OF PENALTY.**—The duration of the applicable period, with respect to a determination by the Commissioner under subsection (a) that a person has engaged in conduct described in subsection (a), shall be—

"(1) 6 consecutive months, in the case of a first such determination with respect to the person;

"(2) 12 consecutive months, in the case of a second such determination with respect to the person; and

"(3) 24 consecutive months, in the case of a third or subsequent such determination with respect to the person.

"(d) **EFFECT ON OTHER ASSISTANCE.**—A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of—

"(1) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

"(2) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

"(e) **DEFINITION.**—In this section, the term 'benefits under title XVI' includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

"(f) **CONSULTATIONS.**—The Commissioner of Social Security shall consult with the Inspector General of the Social Security Administration regarding initiating actions under this section."

(b) **CONFORMING AMENDMENT PRECLUDING DELAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH A NONPAYMENT OF BENEFITS PENALTY APPLIES.**—Section 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B)) is amended—

(1) by striking "and" at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting ", and"; and

(3) by adding at the end the following:

"(iii) such individual was not subject to a penalty imposed under section 1129A."

(c) **ELIMINATION OF REDUNDANT PROVISION.**—Section 1611(e) of such Act (42 U.S.C. 1382(e)) is amended—

(1) by striking paragraph (4);

(2) in paragraph (6)(A)(i), by striking "(5)" and inserting "(4)"; and

(3) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(d) REGULATIONS.—Within 6 months after the date of the enactment of this Act, the Commissioner of Social Security shall develop regulations that prescribe the administrative process for making determinations under section 1129A of the Social Security Act (including when the applicable period in subsection (c) of such section shall commence), and shall provide guidance on the exercise of discretion as to whether the penalty should be imposed in particular cases.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to statements and representations made on or after the date of the enactment of this Act.

**SEC. 209. EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS.**

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301-1320b-17) is amended by adding at the end the following:

“EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS

“SEC. 1148. (a) IN GENERAL.—The Commissioner of Social Security shall exclude from participation in the social security programs any representative or health care provider—

“(1) who is convicted of a violation of section 208 or 1632 of this Act,

“(2) who is convicted of any violation under title 18, United States Code, relating to an initial application for or continuing entitlement to, or amount of, benefits under title II of this Act, or an initial application for or continuing eligibility for, or amount of, benefits under title XVI of this Act, or

“(3) who the Commissioner determines has committed an offense described in section 1129(a)(1) of this Act.

“(b) NOTICE, EFFECTIVE DATE, AND PERIOD OF EXCLUSION.—(1) An exclusion under this section shall be effective at such time, for such period, and upon such reasonable notice to the public and to the individual excluded as may be specified in regulations consistent with paragraph (2).

“(2) Such an exclusion shall be effective with respect to services furnished to any individual on or after the effective date of the exclusion. Nothing in this section may be construed to preclude, in determining disability under title II or title XVI, consideration of any medical evidence derived from services provided by a health care provider before the effective date of the exclusion of the health care provider under this section.

“(3)(A) The Commissioner shall specify, in the notice of exclusion under paragraph (1), the period of the exclusion.

“(B) Subject to subparagraph (C), in the case of an exclusion under subsection (a), the minimum period of exclusion shall be five years, except that the Commissioner may waive the exclusion in the case of an individual who is the sole source of essential services in a community. The Commissioner’s decision whether to waive the exclusion shall not be reviewable.

“(C) In the case of an exclusion of an individual under subsection (a) based on a conviction or a determination described in subsection (a)(3) occurring on or after the date of the enactment of this section, if the individual has (before, on, or after such date of enactment) been convicted, or if such a determination has been made with respect to the individual—

“(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years, or

“(ii) on 2 or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.

“(c) NOTICE TO STATE AGENCIES.—The Commissioner shall promptly notify each appropriate State agency employed for the purpose of making disability determinations under section 221 or 1633(a)—

“(1) of the fact and circumstances of each exclusion effected against an individual under this section, and

“(2) of the period (described in subsection (b)(3)) for which the State agency is directed to exclude the individual from participation in the activities of the State agency in the course of its employment.

“(d) NOTICE TO STATE LICENSING AGENCIES.—The Commissioner shall—

“(1) promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of an individual excluded from participation under this section of the fact and circumstances of the exclusion,

"(2) request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy, and

"(3) request that the State or local agency or authority keep the Commissioner and the Inspector General of the Social Security Administration fully and currently informed with respect to any actions taken in response to the request.

"(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—(1) Any individual who is excluded (or directed to be excluded) from participation under this section is entitled to reasonable notice and opportunity for a hearing thereon by the Commissioner to the same extent as is provided in section 205(b), and to judicial review of the Commissioner's final decision after such hearing as is provided in section 205(g).

"(2) The provisions of section 205(h) shall apply with respect to this section to the same extent as it is applicable with respect to title II.

"(f) APPLICATION FOR TERMINATION OF EXCLUSION.—(1) An individual excluded from participation under this section may apply to the Commissioner, in the manner specified by the Commissioner in regulations and at the end of the minimum period of exclusion provided under subsection (b)(3) and at such other times as the Commissioner may provide, for termination of the exclusion effected under this section.

"(2) The Commissioner may terminate the exclusion if the Commissioner determines, on the basis of the conduct of the applicant which occurred after the date of the notice of exclusion or which was unknown to the Commissioner at the time of the exclusion, that—

"(A) there is no basis under subsection (a) for a continuation of the exclusion, and

"(B) there are reasonable assurances that the types of actions which formed the basis for the original exclusion have not recurred and will not recur.

"(3) The Commissioner shall promptly notify each State agency employed for the purpose of making disability determinations under section 221 or 1633(a) of the fact and circumstances of each termination of exclusion made under this subsection.

"(g) AVAILABILITY OF RECORDS OF EXCLUDED REPRESENTATIVES AND HEALTH CARE PROVIDERS.—Nothing in this section shall be construed to have the effect of limiting access by any applicant or beneficiary under title II or XVI, any State agency acting under section 221 or 1633(a), or the Commissioner to records maintained by any representative or health care provider in connection with services provided to the applicant or beneficiary prior to the exclusion of such representative or health care provider under this section.

"(h) REPORTING REQUIREMENT.—Any representative or health care provider participating in, or seeking to participate in, a social security program shall inform the Commissioner, in such form and manner as the Commissioner shall prescribe by regulation, whether such representative or health care provider has been convicted of a violation described in subsection (a).

"(i) DELEGATION OF AUTHORITY.—The Commissioner may delegate authority granted by this section to the Inspector General.

"(j) DEFINITIONS.—For purposes of this section:

"(1) EXCLUDE.—The term 'exclude' from participation means—

"(A) in connection with a representative, to prohibit from engaging in representation of an applicant for, or recipient of, benefits, as a representative payee under section 205(j) or 1631(a)(2)(A)(ii), or otherwise as a representative, in any hearing or other proceeding relating to entitlement to benefits, and

"(B) in connection with a health care provider, to prohibit from providing items or services to an applicant for, or recipient of, benefits for the purpose of assisting such applicant or recipient in demonstrating disability.

"(2) SOCIAL SECURITY PROGRAM.—The term 'social security program' means the program providing for monthly insurance benefits under title II, and the program providing for monthly supplemental security income benefits to individuals under title XVI (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66).

"(3) CONVICTED.—An individual is considered to have been 'convicted' of a violation—

"(A) when a judgment of conviction has been entered against the individual by a Federal, State, or local court, except if the judgment of conviction has been set aside or expunged;

"(B) when there has been a finding of guilt against the individual by a Federal, State, or local court;

"(C) when a plea of guilty or nolo contendere by the individual has been accepted by a Federal, State, or local court; or

“(D) when the individual has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to convictions of violations described in paragraphs (1) and (2) of section 1148(a) of the Social Security Act and determinations described in paragraph (3) of such section occurring on or after the date of the enactment of this Act.

**SEC. 210. STATE DATA EXCHANGES.**

Whenever the Commissioner of Social Security requests information from a State for the purpose of ascertaining an individual's eligibility for benefits (or the correct amount of such benefits) under title II or XVI of the Social Security Act, the standards of the Commissioner promulgated pursuant to section 1106 of such Act or any other Federal law for the use, safeguarding, and disclosure of information are deemed to meet any standards of the State that would otherwise apply to the disclosure of information by the State to the Commissioner.

**SEC. 211. STUDY ON POSSIBLE MEASURES TO IMPROVE FRAUD PREVENTION AND ADMINISTRATIVE PROCESSING.**

(a) **STUDY.**—As soon as practicable after the date of the enactment of this Act, the Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration and the Attorney General, shall conduct a study of possible measures to improve—

(1) prevention of fraud on the part of individuals entitled to disability benefits under section 223 of the Social Security Act or benefits under section 202 of such Act based on the beneficiary's disability, individuals eligible for supplemental security income benefits under title XVI of such Act, and applicants for any such benefits; and

(2) timely processing of reported income changes by individuals receiving such benefits.

(b) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report that contains the results of the Commissioner's study under subsection (a). The report shall contain such recommendations for legislative and administrative changes as the Commissioner considers appropriate.

**SEC. 212. ANNUAL REPORT ON AMOUNTS NECESSARY TO COMBAT FRAUD.**

(a) **IN GENERAL.**—Section 704(b)(1) of the Social Security Act (42 U.S.C. 904(b)(1)) is amended—

(1) by inserting “(A)” after “(b)(1)”; and

(2) by adding at the end the following new subparagraph:

“(B) The Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) an itemization of the amount of funds required by the Social Security Administration for the fiscal year covered by the budget to support efforts to combat fraud committed by applicants and beneficiaries.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to annual budgets prepared for fiscal years after fiscal year 1999.

**SEC. 213. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA.**

(a) **IN GENERAL.**—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)), as amended by section 205(b)(2) of this Act, is further amended by adding at the end the following:

“(K) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary of Health and Human Services under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician's certification otherwise required under subparagraph (G)(i).”.

(b) **CONFORMING AMENDMENT.**—Section 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is amended by striking “subparagraph (H)” and inserting “subparagraph (H) or (K)”.

**SEC. 214. ACCESS TO INFORMATION HELD BY FINANCIAL INSTITUTIONS.**

Section 1631(e)(1)(B) of the Social Security Act (42 U.S.C. 1383(e)(1)(B)) is amended—

(1) by striking “(B) The” and inserting “(B)(i) The”; and

(2) by adding at the end the following new clause:

“(ii)(I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

“(II) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subclause (I) of this clause shall remain effective until the earliest of—

“(aa) the rendering of a final adverse decision on the applicant’s application for eligibility for benefits under this title;

“(bb) the cessation of the recipient’s eligibility for benefits under this title; or

“(cc) the express revocation by the applicant or recipient (or such other person referred to in subclause (I)) of the authorization, in a written notification to the Commissioner.

“(III)(aa) An authorization obtained by the Commissioner of Social Security pursuant to this clause shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

“(bb) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this clause.

“(cc) A request by the Commissioner pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

“(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

“(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title.”.

## **Subtitle B—Benefits for Filipino Veterans of World War II**

### **SEC. 251. PROVISION OF REDUCED SSI BENEFIT TO CERTAIN INDIVIDUALS WHO PROVIDED SERVICE TO THE ARMED FORCES OF THE UNITED STATES IN THE PHILIPPINES DURING WORLD WAR II AFTER THEY MOVE BACK TO THE PHILIPPINES.**

(a) **IN GENERAL.**—Notwithstanding sections 1611(f)(1) and 1614(a)(1)(B)(i) of the Social Security Act and sections 401 and 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the eligibility of a qualified individual for benefits under the supplemental security income program under title XVI of the Social Security Act shall not terminate by reason of a change in the place of residence of the individual to the Philippines.

(b) **BENEFIT AMOUNT.**—Notwithstanding subsections (a) and (b) of section 1611 of the Social Security Act, the benefit payable under the supplemental security income program to a qualified individual for any month throughout which the individual resides in the Philippines shall be in an amount equal to 75 percent of the Federal benefit rate under title XVI of such Act for the month, reduced (after disregard of the amount specified in section 1612(b)(2)(A) of such Act) by the amount of the qualified individual’s benefit income for the month.

(c) **DEFINITIONS.**—In this section:

(1) **QUALIFIED INDIVIDUAL.**—The term “qualified individual” means an individual who—

(A) as of the date of the enactment of this Act, is eligible for benefits under the supplemental security income program under title XVI of the Social Security Act on the basis of an application filed before such date;

(B) before December 31, 1946, served in the organized military forces of the Government of the Commonwealth of the Philippines while such forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among such military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent military authority in the Army of the United States; and

(C) has not been removed from the United States pursuant to section 237(a) of the Immigration and Nationality Act.

(2) **FEDERAL BENEFIT RATE.**—The term “Federal benefit rate” means, with respect to a month, the amount of the cash benefit (not including any State supplementary payment which is paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of the Social Security Act or section 212(b) of Public Law 93–66) payable for the month to an eligible individual with no income.

(3) **BENEFIT INCOME.**—The term “benefit income” means any recurring payment received by a qualified individual as an annuity, pension, retirement, or disability benefit (including any veterans’ compensation or pension, workmen’s compensation payment, old-age, survivors, or disability insurance benefit, railroad retirement annuity or pension, and unemployment insurance benefit), but only if a similar payment was received by the individual from the same (or a related) source during the 12-month period preceding the month in which the individual changes his place of residence from the United States to the Philippines.

(d) **EFFECTIVE DATE.**—This section shall be effective with respect to supplemental security income benefits payable for months beginning after the date that is 1 year after the date of the enactment of this Act, or such earlier date that the Commissioner of Social Security determines is administratively feasible.

### TITLE III—CHILD SUPPORT

#### SEC. 301. ELIMINATION OF HOLD HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT.

(a) **IN GENERAL.**—Section 457 of the Social Security Act (42 U.S.C. 657) is amended—

(1) in subsection (a), by striking “subsections (e) and (f)” and inserting “subsections (d) and (e)”;

(2) by striking subsection (d);

(3) in subsection (e), by striking the 2nd sentence; and

(4) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1999.

### TITLE IV—TECHNICAL CORRECTIONS

#### SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMENDMENTS MADE BY THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) Section 402(a)(1)(B)(iv) of the Social Security Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking “Act” and inserting “section”.

(b) Section 409(a)(7)(B)(i)(II) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by striking “part” and inserting “section”.

(c) Section 413(g)(1) of the Social Security Act (42 U.S.C. 613(g)(1)) is amended by striking “Act” and inserting “section”.

(d) Section 416 of the Social Security Act (42 U.S.C. 616) is amended by striking “Opportunity Act” and inserting “Opportunity Reconciliation Act” each place such term appears.

(e) Section 431(a)(6) of the Social Security Act (42 U.S.C. 629a(a)(6)) is amended—

(1) by inserting “, as in effect before August 22, 1986” after “482(i)(5)”; and

(2) by inserting “, as so in effect” after “482(i)(7)(A)”.

(f) Sections 452(a)(7) and 466(c)(2)(A)(i) of the Social Security Act (42 U.S.C. 652(a)(7) and 666(c)(2)(A)(i)) are each amended by striking "Social Security" and inserting "social security".

(g) Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(1) by striking ", or" at the end of each of paragraphs (6)(E)(i) and (19)(B)(i) and inserting "; or";

(2) in paragraph (9), by striking the comma at the end of each of subparagraphs (A), (B), (C) and inserting a semicolon; and

(3) by striking ", and" at the end of each of paragraphs (19)(A) and (24)(A) and inserting "; and".

(h) Section 454(24)(B) of the Social Security Act (42 U.S.C. 654(24)(B)) is amended by striking "Opportunity Act" and inserting "Opportunity Reconciliation Act".

(i) Section 344(b)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (110 Stat. 2236) is amended to read as follows:

"(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

"(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and"; and".

(j) Section 457(a)(2)(B)(i)(I) of the Social Security Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking "Act Reconciliation" and inserting "Reconciliation Act".

(k) Section 457 of the Social Security Act (42 U.S.C. 657) is amended by striking "Opportunity Act" each place it appears and inserting "Opportunity Reconciliation Act".

(l) Effective on the date of the enactment of this Act, section 404(e) of the Social Security Act (42 U.S.C. 604(e)) is amended by inserting "or tribe" after "State" the first and second places it appears, and by inserting "or tribal" after "State" the third place it appears.

(m) Section 466(a)(7) of the Social Security Act (42 U.S.C. 666(a)(7)) is amended by striking "1681a(f)" and inserting "1681a(f))".

(n) Section 466(b)(6)(A) of the Social Security Act (42 U.S.C. 666(b)(6)(A)) is amended by striking "state" and inserting "State".

(o) Section 471(a)(8) of the Social Security Act (42 U.S.C. 671(a)(8)) is amended by striking "(including activities under part F)".

(p) Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b-7(a)(3)) is amended by striking "453A(a)(2)(B)(iii)" and inserting "453A(a)(2)(B)(ii))".

(q) Except as provided in subsection (l), the amendments made by this section shall take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

## I. INTRODUCTION

### A. PURPOSE AND SCOPE

The Foster Care Independence Act of 1999 provides States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency. The SSI Fraud Prevention provisions in Title II are designed to combat fraud in, and to improve the administration of the programs under Titles II (especially the disability program) and XVI of the Social Security Act, and to continue SSI benefits to Filipino veterans of the U.S. armed forces during World War II who move back to the Philippines. Title III contains a change in Federal funding of the Child Support Enforcement program eliminating the hold harmless provision that guarantees States a share of child support collections that are retained by the State at least equal to the share retained in 1995. Title IV of the bill contains several technical amendments to the 1996 welfare reform law (P.L. 104-193).

## B. BACKGROUND AND NEED FOR LEGISLATION

The Federal Government now provides States with about \$70 million per year to conduct programs for adolescents leaving foster care that are designed to help them establish independent living. Research and numerous reports from States conducting these programs indicate that adolescents leaving foster care do not fare well. As compared with other adolescents and young adults their age, they are more likely to quit school, to be unemployed, to be on welfare, to have mental health problems, to be parents outside marriage, to be arrested, to be homeless, and to be the victims of violence and other crimes.

After conducting hearings, talking with program administrators and adolescents who are in foster care and who have left foster care, and reviewing research and program information, the Committee prepared reform legislation. The central feature of the legislation would provide States with both a new framework and new resources to improve and expand their programs for adolescents likely to stay in foster care until age 18 and for young adults who have left foster care and are attempting to further their education or to work. States must make their own decisions about the optimum allocation of their funds between adolescents still in foster care and those who have left foster care, but the Committee expects that States will provide a fair share of their resources for young people who have aged out of foster care. The legislation would encourage States to provide Medicaid health insurance to 18, 19, and 20 year olds who have left foster care.

After two years of testimony, meetings with officials from the Social Security Administration and the General Accounting Office (GAO), and extensive consultations with groups interested in children's issues, the Committee has developed, on a bipartisan basis and in full cooperation with the Administration, legislation that would reduce fraud and administrative problems in both the Supplemental Security Income (SSI) program and the disability program conducted as part of the Social Security program. The SSI program has been on the General Accounting Office's list of programs that are at high risk for fraud and abuse. That this legislation addresses the concerns raised by GAO is indicated by the Congressional Budget Office estimate that the Committee bill will save taxpayers nearly a quarter of a billion dollars over 5 years.

## C. LEGISLATIVE HISTORY

### *Committee bill*

H.R. 1802 was introduced on May 13, 1999 by Chairman Nancy Johnson and ranking member, Ben Cardin of the Subcommittee on Human Resources. The Subcommittee on Human Resources considered H.R. 1802 and ordered it favorably reported to the full Committee, as amended, on May 20, 1999 by a voice vote, with a quorum present. The full Committee on Ways and Means considered the Subcommittee reported bill on May 26, 1999 and ordered it favorably reported, as amended, on Wednesday, May 26, 1999, by voice vote.

*Legislative hearings*

The Subcommittee on Human Resources held a hearing on May 13, 1999, to receive comments on H.R. 1802, the bipartisan legislation written by Chairman Johnson and Mr. Cardin. Testimony at the hearing was presented by scholars, program administrators, foundation executives, a Member of Congress, and individuals participating in programs designed to help adolescents in foster care achieve self-sufficiency through employment or post-secondary education. The Subcommittee also conducted a hearing on March 9, 1999, which included testimony from the Administration, child advocacy groups, program administrators, and former foster children.

The Committee bill also includes extensive provisions addressed to reducing fraud and abuse in the Supplemental Security Income (SSI) program. The Subcommittee on Human Resources held hearings on SSI fraud and abuse on April 21, 1998 and on February 3, 1999, which included testimony from Members of Congress, the Administration, a former Social Security claims representative, organizations representing citizens with disabilities, and an organization representing Filipino veterans. On February 10, 1999, the Subcommittee ordered favorably reported to the full Committee on Ways and Means, as amended, H.R. 631, the "SSI Fraud Prevention Act of 1999," which is now included as Title II of H.R. 1802, the "Foster Care Independence Act of 1999."

**II. EXPLANATION OF PROVISIONS****1. SHORT TITLE***Present law*

No provision.

*Explanation of provision*

This Act may be cited as the "Foster Care Independence Act of 1999".

*Reason for change*

Not applicable.

**Title I. Improved Independent Living Program*****Subtitle A: Improved Independent Living Program*****1. FINDINGS***Present law*

No provision.

*Explanation of provision*

The Committee bases its legislative proposal on four major findings. First, despite the fact that States must make reasonable efforts to reunify abused and neglected children with their families and, if this is not possible, must make reasonable efforts to place these children with adoptive families, some children may be neither reunified nor adopted. Such children should be enrolled in Independent Living programs designed by State and local govern-

ments to prepare them for employment, postsecondary education, and successful management of adult responsibilities. Second, about 20,000 adolescents leave foster care each year because they reach age 18. Third, adolescents leaving foster care have significant difficulty making the transition to independent living; they show high rates of homelessness, nonmarital childbearing, poverty, and delinquent or criminal behavior; they are also frequent targets of crime and physical assaults. Fourth, State and local governments, with financial support from the Federal government, should offer a program of education, training, employment, and financial support to young adults leaving foster care, with participation beginning long before high school graduation and continuing, as needed, until the young adult reaches age 21.

*Reason for Change*

The Committee includes these findings so that interested parties will be informed about the facts and issues that prompted the Committee to create an expanded and reformed Independent Living program.

2. PURPOSE

*Present law*

Payments are made under this section for the purpose of assisting States and localities in establishing and carrying out programs to help foster children make the transition from foster care to independent living. Eligible children must be at least 16 years old, and include: (1) children receiving foster care maintenance payments under Title IV-E (including those no longer eligible for Title IV-E because they have accumulated assets of up to \$5,000); (2) at State option, other foster children under State responsibility; and (3) at State option, former foster children who are not yet 21 years old.

*Explanation of provision*

The purpose of the Independent Living Program is to provide States with funding to: (1) identify children likely to remain in foster care until age 18 and prepare them for transition to self-sufficiency by providing job preparation and preparation for post-secondary education; (2) help these adolescents receive the education, training, and services necessary to obtain employment; (3) help these adolescents prepare for postsecondary training and education; (4) provide personal and emotional support to these adolescents by use of mentors; and (5) provide financial, housing, and other assistance to former foster care recipients between ages 18 and 21 to complement their own efforts to achieve self-sufficiency.

*Reason for change*

The purposes of this legislation are specified in detail because they control how funds can be spent by States. Early identification of children who might remain in foster care until age 18, the first purpose of the bill, is essential if States are to develop programs that help these adolescents prepare for independence by age 18. The second and third purposes of preparing the adolescents for ei-

ther (or both) work or post-secondary education are widely agreed by professionals, advocates, and researchers to be the major goals of all Independent Living programs. Unless adolescents in foster care are prepared either to work or enter post-secondary education, there is little hope that they will achieve independence and self-sufficiency. The fourth purpose of providing personal and emotional support through the use of mentors was revealed in testimony before the Committee to be one of the most important, yet least achieved, goals of Independent Living programs. Without the personal support and advice, especially in times of trouble, that only a trusted adult can supply, adolescents will have a more difficult time mastering the transitions required to achieve independence. The final purpose of providing services to adolescents that are 18, 19, and 20 years old is included because the Committee believes nearly all young people who emancipate from foster care will continue to need help and guidance as they attempt to make the transition to self support.

### 3. APPLICATIONS

#### *Present law*

To receive funds under this section for any fiscal year, the State must submit to the Secretary of the Department of Health and Human Services (HHS), by February 1 of the preceding year, a description of the program, together with satisfactory assurances that the program will be operated in an effective and efficient manner and meet the requirements of this section.

#### *Explanation of provision*

States may apply for their allotment of funds for 5 years by submitting a written plan. The plan must specify which State agency will administer the Program. It must also include a description of how the State will: design and deliver programs to achieve the purposes of this section; ensure that all political subdivisions in the State are served; ensure that programs serve children of various ages and at various stages of achieving independence; involve the public and private sectors in helping adolescents in foster care achieve independence; use objective criteria to determine eligibility for benefits and services and ensure fair and equitable treatment; and cooperate in national evaluations of program effects. The plan must also contain certifications by the chief executive officer of the State that: services will be provided to young people who have left foster care but not attained age 21; not more than 30 percent of State funds will be spent on room and board for children who have left foster care and are between 18 and 21 years of age; no Federal money will be spent for room and board for children who are not yet 18; the State will provide training to foster parents to help children prepare for independent living; the State has consulted widely with public and private organizations to develop its plan and members of the public had at least 30 days to submit comments on the plan; the State will coordinate its Independent Living Program with other Federal and State programs for youth; Indian tribes in the State have been informed about the program, given an opportunity to comment on the plan, and will receive benefits and serv-

ices under the program on the same basis as other children in the State; the State will ensure that adolescents accept personal responsibility for preparing for independence; the State has established procedures to prevent fraud and abuse in the program. The Secretary must approve a State plan if it has been submitted before June 30 of the calendar year in which the program begins and contains the explanations and certifications outlined above. States may at any time change their plan, but all changes must be consistent with Federal requirements for the Independent Living program and must be submitted to the Secretary within 30 days of implementation. Each State must make its plan and a brief summary of the plan available to the public.

*Reason for change*

The application procedure for Independent Living funds is changed for several reasons. First, to reduce administrative burden on both the States and the Federal government, we require updated proposals to be submitted by States only every 5 years. States may, however, amend their program at any time as long as they inform the Secretary within 30 days. Second, the Committee emphasizes the importance of States keeping the Secretary informed about the specific features of their program. This information is essential so that interested parties will know the types of programs receiving public support and for the purpose of program evaluation. Third, States must inform the public about their proposal and give the public time to react because interested parties have a right to be heard on the design of public programs. Fourth, States must agree to participate in the national evaluation to be conducted by the Secretary should their State program, or any sub-state program, be selected for inclusion in the evaluation. Fifth, States must include several certifications in their application. The certification is a method of expressing Federal intent to the States without being excessively prescriptive in telling States the specific types of programs they should conduct. In each of these certifications, the Committee expects States to pay due consideration to our concerns and to respond accordingly while developing and implementing their program. The certifications concern program features and goals about which there is substantial agreement among Members of Congress, program administrators at both the national and State level, and children's advocates. Finally, to ensure State flexibility in designing and implementing their Independent Living program, the Committee requires the Secretary to approve plans if they are complete and submitted in timely fashion.

4. ALLOTMENTS TO STATES

*Present law*

Federal funds (\$70 million annually) are allocated among States on the basis of the average number of children in each State who received foster care maintenance payments under Title IV-E in fiscal year 1984, as compared with the total number of such children in all States. If a State does not submit the required program description and assurances by February 1 of the preceding fiscal year,

the Secretary reallocates that State's share of funds for a particular fiscal year to one or more other States on the basis of relative need.

*Explanation of provision*

Each year, of the \$140 million appropriated for this program, \$2.1 million is set aside for program evaluation and technical assistance. The remaining \$137.9 million is divided among the States in proportion to the number of children in each State who reside in foster care divided by the total number of children in the nation who reside in foster care. However, no State can receive less money than it received under the previous Independent Living program. Any funds allotted to a State in a given fiscal year that are not payable to the State are allotted to the other States in the next fiscal year using the same distribution formula as the formula for the basic State allotment.

*Reason for change*

The biggest change in this provision is that the amount of money available to States to conduct their Independent Living programs is approximately doubled. Based on research, testimony, and the direct experience of many observers, States simply do not now have enough funds to mount effective Independent Living programs. Moreover, States need additional funds because under the terms of this legislation, they must continue to help young people after they leave foster care and until they reach age 21. Money is set aside for evaluation because there is universal agreement that there is no scientific information available on whether programs have an impact on any of several outcomes such as high school graduation, enrollment in post-secondary education, employment, marriage, nonmarital births, or delinquent or criminal behavior.

The legislation updates the formula used to distribute funds by basing the calculation each year on the fraction of all children residing in foster care in the nation who reside in each State. The Secretary of HHS will use data from the most recent available year in making this calculation. Distributing Independent Living funds in proportion to a State's share of the nation's foster care caseload is based on the assumption that this number is highly correlated with the number of children aging out of foster care. The number of children in foster care in each State is also an appropriate datum to use because it is one of the few reliable child protection statistics available from every State.

## 5. USE OF FUNDS

*Present law*

Funds may be used to enable States to: help adolescents obtain a high school diploma or equivalent or receive vocational training; provide training in daily living skills, budgeting, locating and maintaining housing, and career planning; provide for individual and group counseling; integrate and coordinate otherwise available services; establish outreach programs to attract eligible participants; provide each participant with a written transitional independent living plan, based on an individual needs assessment and incorporated into the participant's foster care case plan; and pro-

vide participants with other services and assistance to improve their transition to independent living. Payments to States are in addition to amounts otherwise payable under Title IV-E, and must supplement and not replace any other funds available for the same general purposes. Funds may not be used to provide room or board.

*Explanation of provision*

Funds may be used in any manner that is reasonably calculated to accomplish the purpose of the Independent Living program (see "Purpose" above). Payments to States are in addition to amounts otherwise payable under Title IV-E. Funds must be used to supplement not supplant other funds available for the same general purpose in the State. Funds may not be used to provide room and board for children under age 18. However, States may use up to 30 percent of their funds to provide room and board for adolescents of ages 18, 19, and 20.

*Reason for change*

Unlike previous law, the Committee makes no attempt to enumerate the specific activities that are a legal use of funds under the Independent Living program. Rather, the Committee bill specifies the purposes of the program and leaves decisions about means up to State and local governments. In a nation as large and diverse as the United States, this approach makes more sense than trying to impose a single approach on every jurisdiction in the country. Furthermore, the Committee has observed that when States and localities design their own programs, they seem to be more committed to making sure the program is aggressively implemented and achieves its intended purposes. Unlike previous law, we are allowing States to use a portion of their money to pay for room and board for young people over age 18. We have made this change because consultation with program administrators and social workers revealed that housing support is one of the greatest needs of these young adults. The Committee strongly recommends that States use this new authority to provide partial subsidies for limited time periods to help these young people get established.

## 6. PENALTIES

*Present law*

No specific provision.

*Explanation of provision*

States are subject to penalty if they misuse funds or if they fail to submit the annual data report (see below). The penalty is loss of between 1 percent and 5 percent of a State's annual allotment based on the degree of noncompliance as judged by the Secretary.

*Reason for change*

Although States are given great flexibility under the Committee bill, there are two matters about which the Committee does not intend to grant flexibility. Specifically, States must keep the Federal government informed about their use of Federal dollars and they must submit annual data reports. The framework of our grant ap-

proach is that the Federal government will specify goals, provide funds, and encourage great flexibility of means, but in return the Committee expects States to use the money for its intended purpose, to keep us informed of the specific characteristics of their programs, and to supply information about outcomes. Not only is this approach a reasonable compromise between excessive Federal authority and a total lack of accountability, but descriptive information about program characteristics and outcomes is essential if the nation is to create intervention programs that provide effective assistance to these vulnerable young people. Moreover, the level of penalties ranges from modest to moderate so States that commit minor errors will incur penalties as low as 1 percent while States that commit repeated or serious infractions can be penalized as much as 5 percent. The Committee is confident the Secretary will use good judgment in selecting an appropriate level of penalty for each case.

#### 7. DATA COLLECTION AND PERFORMANCE

##### *Present law*

By January 1 following the end of each fiscal year, each State must submit a report to the Secretary on programs funded during the fiscal year. The report must contain information necessary to provide an accurate description of the program, a complete record of the purposes for which funds were spent, and the extent to which the expenditure of funds succeeded in accomplishing the program's purpose.

##### *Explanation of provision*

The Secretary, in consultation with State and local officials, child welfare advocates, members of Congress, researchers, and others will develop outcome measures (including measures of education, employment, avoidance of dependency, homelessness, nonmarital childbirth, and high-risk behaviors) that can be used to assess State performance as well as data elements needed to track the number and characteristics of children receiving services under the Program, the type and quantity of services being provided, and State performance on outcome measures. The Secretary must also develop and implement a plan to collect the information. Within 12 months after enactment of this section, the Secretary must submit to the Committees on Ways and Means and Finance a report detailing the plans and a timetable for collecting State data.

##### *Reason for change*

The Committee originally intended to specify a detailed set of program and performance measures that States would be required to report annually. After consultation with experts and State welfare officials as represented by the American Public Human Services Administration, however, we decided to allow the Secretary to develop the final set of measures in consultation with Congress, researchers, State officials, and others. In this way, a wider audience can be consulted and the statute will permit adequate flexibility in developing the original set of measures as well as in adopting changes that may be needed in the future. Among other require-

ments, the most important is that States report outcome measures such as high school graduation, post-secondary education, employment, delinquency and crime, nonmarital births, and others. The Committee expects that the new data system will be put in place as quickly as possible so Congress can begin learning about State programs.

#### 8. EVALUATIONS

##### *Present law*

By July 1, 1988, the Secretary was required to submit to Congress an interim report on activities conducted under this section; and by March 1, 1989, the Secretary was required to submit an evaluation of the use of independent living funds by States, containing a detailed description of the number and characteristics of participants, the activities conducted, the results achieved, and plans and recommendations for the future.

##### *Explanation of provision*

The Secretary must conduct evaluations of selected State programs that she judges to be innovative or of potential national significance. Evaluations must include information on program effects and must be based on rigorous scientific methods. A total of \$2.1 million is available to the Secretary each year for evaluation and technical assistance. Outside evaluators may be used.

##### *Reason for change*

The Committee is granting extensive authority to the Secretary to design and conduct high quality evaluations. The Committee wants to know, first, whether States and localities can mount successful programs that increase post-secondary education and employment, that reduce levels of delinquency and crime, that reduce poverty, that reduce nonmarital births, and that produce other desirable outcomes identified by the Secretary, researchers, State officials, and others. Second, if good outcomes can be achieved, the Committee wants to know the program characteristics associated with these outcomes. To achieve these ends, the Secretary, either directly or by hiring outside evaluators, should identify potentially successful programs that hold promise for producing good outcomes and carefully evaluate these programs over a period of several years. Although the Secretary enjoys complete flexibility as to which programs to evaluate and for how many years, the Committee expects her to follow program graduates for several years and to obtain longitudinal data on their life situation. These data include, in addition to the measures mentioned above, marriage and divorce, cohabitation, stability of employment, number of children, income, use of welfare, and other measures selected by the Secretary in consultation with others. The Committee strongly urges the Secretary to decide who will conduct the evaluation, to select projects, to design the evaluation, and to begin collecting data within 18 months of passage.

## 9. PAYMENTS TO STATES

*Present law*

States are entitled to their share of \$70 million annually, of which the first \$45 million is defined as the "basic ceiling" (100% Federal funding) and the remaining \$25 million is defined as the "additional ceiling" (50% Federal funding). Payments are made on an estimated basis in advance, are adjusted subsequently to account for errors in estimates, and must be spent by the State in the fiscal year for which they are paid or in the succeeding fiscal year.

*Explanation of provision*

States are entitled to payments based on the \$137.9 million provided annually. States must provide a 20 percent match using State money. Payments are made quarterly. Federal payments are reduced in proportion to the amount by which States fail to provide their entire 20 percent match. Penalties assessed against a State are subtracted from their payments.

*Reason for change*

As explained previously, the Committee bill repeals the outdated and complicated method of distributing funds called for under current law by a straightforward method based on each State's share of the nation's foster care caseload using the most recent year for which reliable data are available. Given the doubling of the Federal government's financial commitment to this program, it seems reasonable to require States to provide a modest level of matching payments. If States do not put up the entire 20 percent match in a given year, the Secretary must proportionately adjust their Federal payment downward and then distribute the unused funds among the other States. In this way, only States that show a commitment to the program by using their own money will receive the maximum amount of Federal support.

## 10. REGULATIONS

*Present law*

The Secretary was required to promulgate final regulations to implement this section within 60 days of its enactment on April 7, 1986.

*Explanation of provision*

The Secretary must publish regulations within 12 months of enactment.

*Reason for change*

The Committee makes no assumptions about what specific regulations will be necessary. As in nearly all of the programs under our jurisdiction, we are confident the Secretary will develop any regulations that are necessary and will provide Congress and others with the opportunity to comment on an initial draft of such regulations.

## 11. SENSE OF THE CONGRESS

*Present law*

No provision.

*Explanation of provision*

States should provide Medicaid coverage to 18, 19, and 20 year olds who have been emancipated from foster care.

*Reason for change*

Because this group of young adults has higher than average needs for medical care, and especially for mental health services, the Committee wants States to cover as many 18, 19, and 20 year olds with Medicaid health insurance as possible. To provide States with more flexibility in fashioning these coverages, we have requested that the Commerce Committee amend the Medicaid statute so that States could cover various subgroups of these 18, 19, and 20 year olds (see Subtitle B below).

*Subtitle B: Related Foster Care Provision*SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN  
IN FOSTER CARE*Present law*

Foster care maintenance payments under Title IV-E may be made on behalf of otherwise eligible children who are removed from families that would have been eligible for Aid to Families with Dependent Children (AFDC) as it operated in their State on July 16, 1996. Under AFDC, families could not accumulate assets in excess of \$1,000.

*Explanation of provision*

The Committee provision allows children to receive Federal foster care payments if they have resources of not more than \$10,000.

*Reason for change*

Children in foster care have a special need for resources. Unlike children reared in families, these children often have little or no support from relatives. Thus, when they turn age 18 and are no longer eligible for government foster care payments, they are on their own. Under current law, these adolescents cannot accumulate more than \$1,000 in assets and still remain eligible for Federal foster care payments. The Committee believes children in foster care should be allowed to accumulate a much higher level of assets to prepare for the day when they must support themselves. Thus, we are increasing the asset limit to \$10,000.

*Subtitle C: Medicaid Amendments (within the jurisdiction of the  
Committee on Commerce)*

SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR ADOLESCENTS  
LEAVING FOSTER CARE

*Present law*

States have a variety of optional coverages under the Medicaid program, one of which is that they can cover young adults who are 18, 19 or 20 years old. However, States are limited in their ability to cover certain subgroups, such as former foster children, within each age group. Thus, in many States once adolescents leave foster care, they may no longer be eligible for Medicaid.

*Explanation of provision*

States will have the option of giving Medicaid coverage to former foster care children who are ages 18, 19, or 20. In addition, States could use means-testing to provide coverage only to youth who had income and resources established by each State as permitted under Section 1931(b) of current Medicaid law. Eligibility for Medicaid could also be limited to 18; 19, or 20 year olds who received support before their 18th birthday from the Federal program for Foster Care and Adoption Assistance.

*Reason for change*

Most young people are healthy and therefore may not use health care services. However, research shows that adolescents leaving foster care have significantly more health needs than other adolescents. Both testimony received by the Committee and research show that these adolescents are especially in need of mental health services. Thus, the Committee believes that young people leaving foster care should be covered by health insurance. However, the \$350 million (over 5 years) pricetag of mandatory coverage cannot be supported by the financing mechanisms available to the Committee. As a result, the Committee bill makes Medicaid coverage optional for former foster care children.

However, to increase the probability that States will offer such coverage, we have requested that the Commerce Committee amend the Medicaid statute to permit States to cover only 18, 19, or 20 year olds who had been emancipated from foster care. Even within this group, States would be permitted to use means testing to offer care only to the poorest adolescents or to offer Medicaid only to children who received support from the Federal foster care program under Title IV-E of the Social Security Act (about half of all children emancipating from foster care).

Rough estimates indicate that there are about 65,000 young adults who are 18, 19, or 20 years old and have emancipated from foster care. About 40,000 of them now are eligible for coverage under various Medicaid options available to States; CBO estimates that of these 40,000 young people, about 22,000 actually are receiving Medicaid coverage. Under the Committee provision of creating a State option to provide coverage while simultaneously allowing States to cover only those aging out of foster care and even to cover certain subgroups within these age categories, the number of eligi-

ble young people is estimated to rise to 54,000 and of these, about 41,000 will actually receive coverage. In other words, the Committee bill increases actual coverage by around 19,000 young adults, from 22,000 to 41,000.

## Title II. SSI Fraud Prevention

### *Subtitle A: Fraud Prevention and Related Provisions*

#### SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR OVERPAYMENTS TO DECEASED RECIPIENTS

##### *Present law*

SSI regulations state that representative payees must report the death of the SSI recipient they represent as well as the death of anyone living in the household of the person they represent. The law and regulations are silent with respect to what happens to the representative payee if she fails to report this information.

##### *Explanation of provision*

Representative payees in either the SSI or Social Security programs who do not return payments made after the death of a beneficiary must be held liable for repayment.

##### *Reason for change*

Individuals who willingly accept money that is not legally theirs by cashing checks intended for deceased recipients have both a legal and an ethical responsibility to repay the money.

#### SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS FROM LUMP SUM SSI BENEFIT PAYMENTS

##### *Present law*

SSI law limits the recovery by the Social Security Administration of overpayments made to SSI recipients. The amount of recovery in any month is limited to the lesser of: (1) the amount of the benefit for that month, or (2) an amount equal to 10 percent of the countable income (including the SSI payment) of the individual or couple for that month. This limitation does not apply if there is fraud, willful misrepresentation, or concealment of information in connection with the overpayment. The recipient may request a higher or lower rate at which benefits may be withheld to recover the overpayment.

The Commissioner of Social Security may waive recovery of an overpayment if the overpaid individual was without fault in connection with the overpayment and adjustment or recovery of the overpayment would either defeat the purpose of the SSI program, be against equity and good conscience, or impede efficient or effective administration of the SSI program due to the small amount involved.

##### *Explanation of provision*

The Social Security Administration must offset lump sums by at least 50 percent to recover prior SSI overpayments, subject to existing waiver authority.

*Reason for change*

Individuals who accept overpayments should be held accountable for repaying all the money that is in excess of the correct amount of their benefits. Offsetting lump-sum payments by at least 50 percent is an efficient way to collect this money owed to Social Security taxpayers. Moreover, lump sum payments often provide recipients with substantial sums of money at one time, thereby easing the burden of making a sizable payment on the money they owe the Social Security Administration.

## SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES

*Present law*

The primary methods by which repayment of overpayments are obtained from persons no longer receiving SSI are voluntary repayment agreements, offsets against Social Security (Title II) benefits, and offsets against a person's Federal income taxes.

*Explanation of provision*

SSA may use credit bureau reports, debt collection (including by private debt collection agencies), state and Federal intercepts, and other means deemed effective by the SSA Commissioner to facilitate collection of overpayments.

*Reason for change*

Although offsetting debts against Social Security is a worthwhile collection method, many people who owe money to the Supplemental Security Income program do not receive Social Security benefits. Therefore, the legislation provides for the additional collection methods now available under the Social Security programs. The methods included here have proven effective in other programs, especially the child support enforcement program.

## SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER INFORMATION TO FEDERAL AND FEDERALLY ASSISTED BENEFIT PROGRAMS

*Present law*

The 1996 welfare reform law (P.L. 104-193) stipulates that the Commissioner of Social Security must enter into a contract with any interested State or local institution (prison, jail, mental hospital, etc.), under which the institution must provide to the Commissioner on a monthly basis the names, Social Security numbers, dates of birth, and other information concerning the residents of the institution. This information is used to help the Commissioner enforce the "prohibition of payments to residents of public institutions" rule. If fraudulent SSI payments are discovered by matching the prisoner information with the SSI rolls, the Commissioner must pay the reporting institution up to \$400 for each inmate if the information is provided to the Commissioner within 30 days after such individual becomes a resident or up to \$200 for each resident if the information is provided after 30 days but within 90 days of the person becoming a resident.

The 1996 law also authorizes the Commissioner of Social Security to provide, on a reimbursable basis, information obtained pur-

suant to the agreements to any Federal or Federally-assisted cash, food, or medical assistance program for eligibility purposes.

*Explanation of provision*

SSA must share its prisoner database with other Federal departments and agencies to prevent the continued payment of other fraudulent benefits (e.g. food stamps, veterans' benefits, unemployment, and education aid) to prisoners.

*Reason for change*

The prisoner provisions of the 1996 welfare reform law have generated savings greatly in excess of those estimated by the Congressional Budget Office, in part because a surprising number of prisoners had managed to obtain SSI benefits. There is not good information on how many prisoners receive other Federal benefits, but it is likely that many do. The SSA database on prisoners, which will eventually include fugitive felons as well, could be used to find out how many prisoners are receiving benefits for which they are not qualified, to terminate these benefits, and perhaps to save substantial sums of money.

SEC. 205. RULES RELATING TO COLLECTION OF OVERPAYMENTS FROM INDIVIDUALS CONVICTED OF CRIMES

*Present law*

The Commissioner of Social Security may waive recovery of an overpayment if the overpaid individual was without fault in connection with the overpayment and adjustment or recovery of the overpayment would either defeat the purpose of the SSI program, be against equity and good conscience, or impede efficient or effective administration of the SSI program due to the small amount involved.

*Explanation of provision*

Individuals must repay overpayments arising from their status as fugitives and prisoners (thus, SSA may not grant them a hardship waiver of collections). Failure by fugitives or past prisoners to disclose to SSA at the time of reapplication their prior receipt of benefits while a prisoner or a fugitive, or to agree to and abide by a repayment schedule that provides for at least a 10 percent monthly offset of their current benefits, will result in a 10 year loss of eligibility. SSA must continue overpayment collection efforts while prisoners are in jail.

*Reason for change*

Prisoners who receive Social Security payments or SSI payments are deliberately breaking the law. There is no justification for providing a waiver to allow them to avoid repaying the taxpayers who support the Social Security trust fund or the general revenues that pay SSI benefits. Moreover, if such prisoners apply for Social Security or SSI in the future, there should be a well-defined arrangement stipulating how the debt will be repaid. If the former prisoner knowingly fails to notify SSA that they owe money to the system

or fails to agree to a repayment schedule, a sharp penalty should result.

SEC. 206. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM

*Present law*

SSI regulations define resources as cash or other liquid assets, or any real or personal property (with some exceptions such as the value of a residence) that an individual (or spouse) owns and could convert to cash to be used for support and maintenance (i.e., for food, clothing, or shelter). Assets placed in a trust in which individuals have no ownership and to which they have no access no longer meet the definition of a resource for SSI purposes. Thus, such a trust is not counted as a resource in determining SSI eligibility.

In addition, the 1996 welfare reform law (P.L. 104-193) requires that parents establish an account for children who receive large past-due SSI payments. The account is to be disregarded in determining SSI eligibility (i.e., not counted as a resource or income) and to be used only for such purposes as education, job skills training, personal needs assistance, special equipment, housing modification, medical treatment, therapy or rehabilitation, or any other item or service deemed appropriate by the Commissioner of Social Security.

*Explanation of provision*

Trusts would be considered a resource in determining SSI eligibility (subject to recipient protections similar to those currently required under Medicaid law).

*Reason for change*

A principle underlying virtually all Federal welfare programs is that recipients meet a test of low income and low assets. This income and asset determination is essential because the very justification for welfare programs is that they provide assistance to people who lack income and resources. Thus, to allow individuals to protect resources in a trust that could be used to meet their needs violates the principle of welfare. There is also an issue of horizontal equity here because Medicaid, one of the biggest and most important welfare programs, requires that assets held in trust be counted as a resource. The Committee provision is especially fair because exemptions, like those in Medicaid law, are included.

SEC. 207. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM

*Present law*

SSI law requires the Commissioner of Social Security to inform SSI applicants and recipients that Medicaid law provides for a period of ineligibility of Medicaid benefits for individuals who dispose of resources for less than fair market value. (P.L. 100-360, enacted in 1988, repealed the SSI provision that required that the uncompensated value of resources transferred for less than fair market

value be counted for 24 months after disposal in determining whether the individual meets the SSI resource requirements.)

Medicaid law stipulates that States are required to determine whether an institutionalized individual transferred resources for less than fair market value within the previous 36 months. If such a transfer has occurred, the individual may be ineligible for certain Medicaid services (i.e., Medicaid-covered home, nursing home, or community-based services) for up to 36 months. The period of ineligibility for covered services is equal to the uncompensated value of the transferred resource divided by the average monthly cost of nursing services as determined by the State.

*Explanation of provision*

SSI applicants that have disposed of resources for less than fair market value within 36 months before application will have their benefit reduced for the period of time equal to the uncompensated value of the transferred resource divided by the maximum monthly SSI benefit and any State supplementary payments. The maximum length of benefit loss is 36 months.

*Reason for change*

The logic of this provision is similar to that for trusts; namely, that a basic principle of all Federal welfare programs is that benefits are reserved for those who have limited income and resources. If individuals deliberately dispose of valuable assets at less than their fair market value "often by "selling" them to friends or relatives—in order to meet the assets test for a Federal welfare program, that individual should not be allowed to participate in the welfare program until taxpayers have been compensated for an amount equal to the difference between the amount for which the individual disposed of the asset and the fair market value of the asset. Again, similar to the case of trusts, equity issues are also involved here because Medicaid law already contains a provision protecting taxpayers against applicants who dispose of assets for less than fair market value.

SEC. 208. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS

*Present law*

Social Security and SSI law stipulate that anyone who knowingly and willfully makes or causes to be made any false statements or misrepresentations in applying for or continuing to receive Social Security or SSI payments shall be fined under Title 18 of the U.S. Code, imprisoned for not more than 5 years, or both.

Federal law also provides that any person who makes, or causes to be made, a statement or representation of a material fact for use in any initial or continuing review of an individual's eligibility for Social Security (Title II) or SSI benefits that the person knows or should know is false or misleading or omits a material fact or makes such a statement with knowing disregard for the truth is subject to a civil penalty of not more than \$5,000 for each such statement or representation plus up to twice the value of the amount paid fraudulently.

*Explanation of provision*

This provision creates a new SSA administrative procedure designed to penalize individuals who have provided false or misleading information to SSA in order to qualify for benefits, especially in cases now considered to involve overpayments too small to take to court. The new procedure would apply to false or misleading statements in either the SSI program (Title XVI) or the various Social Security benefits paid under Title II. If individuals have attempted to gain or increase benefits through false or misleading statements, they could be barred from eligibility, with increasing penalties (6 months of ineligibility for first offense, 12 months for second, 24 months for third). Recipients who lose their benefits due to this new procedure retain any Medicaid or Medicare benefits to which they are entitled, and individuals may appeal adverse decisions.

*Reason for change*

There are a moderate number of cases in which applicants or recipients for Social Security benefits or SSI appear to have made false or misleading statements. In many of these cases, the amount of benefit overpayment is too small to justify a court proceeding. This new administrative procedure will make it possible for SSA officials to efficiently impose penalties in these cases by withholding benefits. The right of individuals to appeal these decisions is assured in the statute.

SEC. 209. EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS

*Present law*

No provision. However, Federal law bars individuals and entities that are convicted of fraud under Federal or State law in connection with Medicare or State health care programs from future participation in those programs.

Federal law also provides that any person who makes, or causes to be made, a statement or representation of a material fact for use in any initial or continuing review of an individual's eligibility for Social Security (Title II) or SSI (Title XVI) benefits that the person knows or should know is false or misleading or incomplete with knowing disregard for the truth is subject to a civil penalty of not more than \$5,000 for each such statement or representation plus up to twice the value of the amount paid fraudulently.

*Explanation of provision*

Representatives and health care providers convicted of fraud involving SSI eligibility determinations are barred from further program participation for at least 5 years (10 years for a second conviction; permanently for a third).

*Reason for change*

Professionals and others who play a role in helping individuals apply for Social Security and SSI have a special responsibility to maintain high standards of truthfulness. The evidence, opinion, ad-

vice, and recommendations they provide are often crucial in the eligibility determination process. Thus, any such representative or health care provider who gives false or misleading information or otherwise commits fraud as part of eligibility determination must be subject to serious penalties. This is especially the case since experience shows that some of these individuals commit fraud in many cases, thereby resulting in substantial sums of money being paid fraudulently to numerous recipients. Excluding these individuals from participating in the eligibility determination process for many years is therefore entirely justified. The amendment contains provision for review and appeal of these decisions.

#### SEC 210. STATE DATA EXCHANGES

##### *Present law*

No provision.

##### *Explanation of provision*

To facilitate data sharing with States, SSA standards on data privacy are deemed to meet all State standards for sharing data.

##### *Reason for change*

The exchange of information stored in government data bases is one of the most fundamental and important approaches to fraud detection and reduction. To ensure that the Federal government has access to information in State data bases for the purpose of fraud detection, Federal rules on data safeguards, which are quite stringent, are assumed to meet the protections provided by State rules. In addition to facilitating the exchange of information between States and the Federal government, this provision gives legal protection to the State organizations and individuals who respond to Federal requests for data.

#### SEC 211. STUDY ON POSSIBLE MEASURES TO IMPROVE FRAUD PREVENTION AND ADMINISTRATIVE PROCESSING

##### *Present law*

No provision.

##### *Explanation of provision*

The SSA Commissioner, in consultation with the SSA Inspector General and the Attorney General, must study and report to the Committees on Ways and Means and Finance within a year on legislative and administrative reforms to prevent SSI/DI fraud, and on administrative reforms that would improve the timely processing of income changes reported by recipients.

##### *Reason for change*

In meetings between SSA staff, the SSA Inspector General's staff, and staff of the Committee on Ways and Means, as well as in testimony presented to the Committee by the Inspector General, it is clear that SSA and the Inspector General are constantly generating ideas about ways to combat fraud. In fact, most of the provisions of this legislation originated with SSA or the Inspector General. Inevitably, given the rigors of the legislative process, some of

the ideas they have already generated were not incorporated into this legislation. The purpose of this provision is to capture these and new ideas and provide the Committee with another opportunity to determine whether some of them can be enacted by Congress to reduce fraud and abuse in the nation's primary disability program. In addition, the Committee has received testimony expressing the concern that some overpayments may be due to reported income changes not being processed by SSA in a timely fashion. The Committee is interested in SSA's recommendations about how this problem might be addressed.

SEC. 212. ANNUAL REPORT ON AMOUNTS NECESSARY TO COMBAT FRAUD

*Present law*

No provision.

*Explanation of provision*

The Commissioner must include in the annual SSA budget an itemization of the funds needed to combat SSI/DI fraud by applicants and beneficiaries.

*Reason for change*

In considering the SSA budget, Congress should always have specific information on how much SSA intends to spend on anti-fraud activities. Further, if SSA thinks additional funds are needed to finance opportunities to further reduce fraud, Congress should have the opportunity to consider providing additional funds for this purpose. This approach of appropriating additional administrative funds so that an SSA activity can produce additional savings has already worked well in the case of continuing disability reviews in the SSI program. There is no reason it cannot work just as well in the case of fraud.

SEC. 213. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA

*Present law*

No provision. However, SSI recipients, or their representative payees, are required to report to SSA any change in the recipient's status (e.g., income, resources, living arrangements) that may affect the amount of benefits to which the recipient is entitled. Beginning October 1, 1995, Federal law required each administrator of a nursing home, extended care facility, or intermediate care facility to report to SSA the admission of any SSI recipient within two weeks of the recipient's admission, so that SSA can make timely adjustments in the amount of the recipient's SSI benefit.

*Explanation of provision*

SSA must conduct periodic comparisons between Medicaid and Medicare data and SSI rolls to ensure that nursing home residents are not receiving incorrect benefits.

*Reason for change*

There is already considerable savings in the SSI program from the reduction in cash benefits that occurs when recipients enter an institution. However, SSA either does not know about every SSI recipient who enters an institution or SSA does not find out about the admission until several months after it has occurred. Thus, more effective and rapid means of informing SSA about SSI recipients who enter institutions will produce still greater savings.

## SEC. 214. ACCESS TO INFORMATION HELD BY FINANCIAL INSTITUTIONS

*Present law*

No provision.

*Explanation of provision*

As a condition of eligibility, applicants for or recipients of SSI may be required to authorize SSA to obtain financial information from banks, savings and loan companies, and other financial institutions that will assist in determining the individual's eligibility for and amount of benefits.

*Reason for change*

This provision may improve the amount and timeliness of information available to SSA to determine the total amount of resources available to applicants and recipients. More complete information on which to base eligibility determinations will ensure that only people who actually meet SSI requirements are awarded benefits.

*Subtitle B: Benefits for Filipino Veterans of World War II*

## SEC. 251. PROVISION OF REDUCED SSI BENEFIT TO CERTAIN INDIVIDUALS WHO PROVIDED SERVICE TO THE ARMED FORCES OF THE UNITED STATES IN THE PHILIPPINES DURING WORLD WAR II AFTER THEY MOVE BACK TO THE PHILIPPINES

*Present law*

Section 107 of P.L. 79-301, enacted February 18, 1946, provides that service in the armed forces of the Commonwealth of the Philippines, or the Philippine Scouts ". . . shall not be deemed to be or to have been service [in U.S. Armed Forces] for the purposes of any law . . .". Thus, Filipino veterans are not qualified for most veterans' benefits, including pensions. Many do receive SSI payments as elderly or disabled citizens or qualified aliens. Currently, the SSI maximum benefit is equal to \$500 per month (the VA pension benefit is equal to \$731 per month). Individuals can receive SSI benefits overseas only if they are a resident of the Northern Mariana Islands, a child of a person in the military stationed outside the United States, or a student temporarily studying abroad.

*Explanation of provision*

Certain Filipino veterans of the U.S. armed forces in World War II would be eligible for continued SSI benefits, even if they moved back to the Philippines. Such veterans would, however, receive a benefit equal to 75 percent of their regular SSI benefit.

*Reason for change*

According to information made available to the Committee through testimony and personal correspondence, there are many Filipino veterans of World War II now drawing SSI benefits who would like to spend their few remaining years at home in the Philippines. However, under current law they are not allowed to receive SSI unless they continue to reside in the U.S. Because these Filipinos fought for the United States in World War II, and because they are willing to accept a slightly smaller benefit (25 percent reduction) if they return to the Philippines, the Committee is willing to make an exception to the general rule that only residents of the U.S. can receive SSI benefits. This opportunity is strictly limited, however, only to those currently receiving SSI benefits and only to veterans of World War II.

## Title III. Child Support

## SEC. 301. ELIMINATION OF HOLD HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT

*Present law*

The share of child support collections retained by each State in a fiscal year must be equal to or greater than the amount it retained in FY 1995. Following the end of each fiscal year, the Office of Child Support Enforcement compares each State's share of child support collections for that year to the State share reported for FY 1995. If the current year State share is greater than the 1995 State share, no further action is taken. If the 1995 State share is greater than the current year State share, a child support enforcement "hold harmless" grant award is issued to the State for the difference.

*Explanation of provision*

The provision in Federal law is repealed that requires the Federal government to ensure that States receive at least as much money each year as the amount they obtained in 1995 from retained child support collections.

*Reason for change*

The Child Support Enforcement program was authorized by Congress in 1975 primarily to collect money from fathers whose children were on welfare and thereby received support from taxpayers. Over the years, the child support program has been broadened to include enforcement of most child support cases, regardless of current or previous welfare status.

Table 1 summarizes information about how the child support program is financed. The first three columns show the three primary sources of revenue that finance the State programs. The first column is administrative reimbursements from the Federal government. Nearly all authorized State expenditures on child support program activities are reimbursed at the rate of 66 percent by the Federal Government (a few are financed at 80 percent or 90 percent). The second column is the State share of retained child support collections; this category includes both payments by noncusto-

dial parents while the custodial parent and children are receiving welfare payments and certain payments on arrearages after the family has left the welfare rolls. In former welfare cases, collections on arrearages are split, in accord with a complicated set of rules, between State government, the Federal government, and the family. The 1996 State share of retained collections is the information presented in the second column. The third column is Federal incentive payments to States. Based on legislation enacted in 1998, the new terms of Federal incentive payments are now being implemented. When fully implemented, States will be provided with higher payments based on their performance in establishing paternity, establishing support orders, collections on both current payments and arrearages, and cost-effectiveness. The new incentive system was constructed in such a way that States in aggregate were estimated to receive the same total amount of money that they received under the previous incentive system.

TABLE 1.—FINANCING OF THE FEDERAL/STATE CHILD SUPPORT ENFORCEMENT PROGRAM, FISCAL YEAR 1996

(In thousands of dollars)

State	State income			State administrative expenditures (costs)	State net	Collections-to-costs ratio
	Federal administrative payments	State share of collections	Federal incentive payments			
Alabama .....	\$31,161	\$5,737	\$3,548	\$46,314	(\$5,868)	3.41
Alaska .....	11,517	8,085	2,973	17,439	5,136	3.31
Arizona .....	31,177	6,647	3,842	46,909	(5,244)	2.41
Arkansas .....	19,048	4,163	3,195	28,669	(2,263)	2.77
California .....	293,731	222,548	66,752	437,991	145,040	2.36
Colorado .....	25,399	15,001	5,590	38,361	7,628	2.82
Connecticut .....	29,035	12,645	7,086	43,027	5,740	2.91
Delaware .....	9,941	3,393	1,112	14,168	279	2.50
District of Columbia ..	7,731	2,526	1,103	11,696	(336)	2.38
Florida .....	86,999	30,216	13,501	131,363	(647)	3.13
Georgia .....	45,496	16,780	15,110	68,505	8,881	3.92
Guam .....	1,744	289	281	2,624	(310)	2.57
Hawaii .....	16,113	5,396	1,758	23,907	(640)	2.18
Idaho .....	12,535	2,942	1,961	18,928	(1,490)	2.32
Illinois .....	68,905	28,513	10,691	103,803	4,304	2.41
Indiana .....	21,416	14,186	7,658	30,091	13,170	6.54
Iowa .....	19,209	12,911	6,319	29,048	9,391	5.23
Kansas .....	12,296	10,704	5,265	18,489	9,776	5.82
Kentucky .....	27,927	9,646	5,514	42,210	877	3.43
Louisiana .....	23,058	6,266	4,270	34,495	(900)	4.16
Maine .....	10,224	9,459	4,907	15,435	9,155	4.05
Maryland .....	43,688	19,120	6,540	66,017	3,332	4.36
Massachusetts .....	40,626	30,494	9,828	61,286	19,662	4.05
Michigan .....	94,572	60,098	22,323	143,132	33,860	6.63
Minnesota .....	48,457	25,680	9,017	73,195	9,960	4.36
Mississippi .....	9,522	3,959	3,553	29,463	(2,430)	2.87
Missouri .....	52,173	22,161	9,635	74,419	9,549	3.75
Montana .....	8,038	2,122	1,326	12,120	(634)	2.42
Nebraska .....	20,007	3,964	1,750	30,179	(4,457)	3.16
Nevada .....	14,782	3,737	2,279	22,346	(1,548)	2.53
New Hampshire .....	9,377	4,518	1,539	14,091	1,343	3.42
New Jersey .....	73,147	39,238	12,698	110,735	14,348	4.52
New Mexico .....	15,914	1,344	975	21,129	(2,896)	1.43
New York .....	115,020	79,891	28,461	174,183	49,188	4.03

TABLE 1.—FINANCING OF THE FEDERAL/STATE CHILD SUPPORT ENFORCEMENT PROGRAM, FISCAL YEAR 1996—Continued  
[In thousands of dollars]

State	State income			State administrative expenditures (costs)	State net	Collections-to-costs ratio
	Federal administrative payments	State share of collections	Federal incentive payments			
North Carolina .....	59,282	20,653	10,732	89,147	1,521	2.94
North Dakota .....	4,352	1,662	990	6,563	441	4.34
Ohio .....	106,594	41,141	17,008	161,618	3,125	6.07
Oklahoma .....	16,968	6,674	3,666	24,040	3,269	3.06
Oregon .....	21,129	10,544	5,480	31,874	5,278	5.60
Pennsylvania .....	82,784	49,576	18,619	123,808	27,171	7.74
Puerto Rico ..	19,504	291	372	28,569	(8,401)	4.44
Rhode Island ..	5,451	6,839	3,262	8,251	7,300	4.31
South Carolina .....	23,296	6,797	4,154	35,100	(853)	3.37
South Dakota .....	3,173	1,936	1,399	4,770	1,738	5.87
Tennessee .....	26,165	10,195	5,328	39,342	2,347	4.06
Texas .....	96,614	32,915	15,873	144,984	418	3.71
Utah .....	19,497	5,136	3,217	29,170	(1,321)	2.66
Vermont .....	4,467	2,602	1,346	6,701	1,714	3.79
Virgin Islands .....	1,597	94	67	2,418	(660)	2.25
Virginia .....	40,844	18,475	5,988	61,507	3,800	4.18
Washington .....	76,319	49,348	16,449	115,322	26,795	3.53
West Virginia .....	15,578	3,230	2,065	23,358	(2,484)	3.61
Wisconsin .....	50,394	19,115	10,659	74,058	6,110	5.94
Wyoming .....	5,575	1,835	647	8,455	(398)	2.96
Nation-wide	2,039,569	1,013,437	409,681	3,054,821	407,866	3.93

Note.—The "State net" column in this table is not the same as the comparable figure presented in annual reports of the Office of Child Support Enforcement (see for example, 1996, p. 78 and table 8-23 below) because estimated Federal incentive payments are used in the annual reports while final Federal incentive payments were used in this table.

Source: Office of Child Support Enforcement, U.S. Department of Health and Human Services.

These three sources of funding produced a total of \$3.46 billion for States in 1996, the most recent year for which complete data are available. Because States spent only \$3.05 billion conducting their child support programs in that year, they enjoyed a positive net revenue flow of nearly \$408 million. Indeed, as shown in Table 2, States have enjoyed a positive net revenue flow every year the child support program has been in operation. By contrast, the Federal government has always paid more money into the program than it has received back. In 1996, for example, while States were clearing over \$400 million on the program, the Federal government invested a net total of \$1.152 billion in the program (Table 2).

TABLE 2.—FEDERAL AND STATE SHARE OF CHILD SUPPORT "SAVINGS," FISCAL YEARS 1979-96  
[In millions of dollars]

Fiscal year	Federal share of child support savings <sup>1</sup>	State share of child support savings	Net public savings <sup>1</sup>
1979 .....	-\$43	\$244	\$201
1980 .....	-103	230	127
1981 .....	-128	261	133
1982 .....	-148	307	159
1983 .....	-138	312	174
1984 .....	-105	366	260

TABLE 2.—FEDERAL AND STATE SHARE OF CHILD SUPPORT "SAVINGS," FISCAL YEARS 1979-96—Continued  
 (In millions of dollars)

Fiscal year	Federal share of child support savings <sup>1</sup>	State share of child support savings	Net public savings <sup>1</sup>
1985 .....	-231	317	86
1986 .....	-264	274	9
1987 .....	-337	342	5
1988 .....	-355	381	26
1989 .....	-480	403	-77
1990 .....	-528	338	-190
1991 .....	-586	385	-201
1992 .....	-605	434	-170
1993 .....	-740	462	-278
1994 .....	-978	482	-496
1995 .....	-1,274	421	-853
1996 (preliminary) .....	-1,152	407	-745

<sup>1</sup> Negative "savings" are costs.

Source: Office of Child Support Enforcement, Annual Reports to Congress, 1996 and various years.

The Committee does not argue that the Federal investment in child support enforcement lacks merit. On the contrary, the Committee believes these Federal dollars are wisely invested. To take 1996 as an example, the net sum of \$1.152 billion invested in this program by the Federal government produced total child support collections of over \$12 billion, most of which went to families to support children. The Committee does argue, however, that there should be a more equal sharing of program costs between the Federal government and the States. Those who oppose this view must explain why the Federal government should always spend more on the program than the States. The Committee proposal on the hold harmless provision moves in this direction by reducing Federal spending by about \$50 million in the early years, with a gradual decline to \$15 million in the 10th year. This amount is much lower than the positive net revenue flow enjoyed by States in 1996.

Because States were concerned that they would lose money by transferring part of the State share of collections to families leaving welfare, the Committee agreed to a provision that, when fully implemented, had the effect of allowing States and the Federal government to retain approximately half of the collections on arrearages and the family to receive approximately half of the collections on arrearages (current support payments go entirely to the family once the family leaves welfare). In this way, the loss of revenue to States would be cut by approximately half. Furthermore, States were relieved of the obligation to pay the first \$50 of child support to families while they are on welfare. Given the profitability of the child support program to the States, this compromise was disputed by many Members of the Committee because, in their view, States could afford to spend some of their positive cash flow on families leaving welfare. Nonetheless, the Committee agreed to this part of the compromise.

Despite this compromise, States still insisted on a guarantee that if their share of collections declined at all, relative to 1995, the Federal government would make up the difference through the hold harmless provision. Although strongly disputed by the Committee,

the hold harmless provision became part of the welfare reform legislation.

The Committee argument that States can afford to share more collections with welfare families has been greatly strengthened since enactment of the 1996 welfare reform law because States have experienced substantial declines in welfare enrollment. Given that the 1996 legislation provided States with fixed Federal funding through the Temporary Assistance for Needy Families (TANF) block grant, these declining welfare caseloads are now resulting in large TANF surpluses for States. According to the Congressional Budget Office, by the end of fiscal year 1999 States will have over \$6 billion (\$3 billion of which has been obligated) in unused TANF funds. By the end of 2003, under CBO projections the TANF surplus will grow to more than \$24 billion. Thus, even if States do lose a share of their collections in welfare cases because the new Federal rule requires them to share part of the collections with families leaving welfare, the State loss is being more than offset by State savings in welfare expenditures.

A broader issue in play here is the impact of the current decline in the welfare rolls on child support financing. Given that the typical state gets about 30 percent of the money it uses to run its child support program from retained collections in welfare cases (see Table 1), changes in the welfare caseload may be portentous for the future financing of State child support programs. In the long run, fewer welfare cases may mean lower collections and therefore a hole in State child support budgets. On the other hand, the 1996 welfare reform law made major changes in the child support program that are expected to substantially increase collections and efficiency. These two developments associated with welfare reform—the declining welfare caseload and the increased effectiveness of the child support program—may be offsetting to some degree. CBO expects increased child support effectiveness to result in collection increases and other performance improvements that will lead to a decline in the amount by which retained collections in 1995 exceed those in future years (recall that their projection is that from a high of \$50 million in 2000, the difference will decline to \$15 million in 2009).

In any case, the hold harmless provision was not designed to hold States harmless against declines in the welfare rolls; it was designed exclusively to hold States harmless against losses due to splitting collections with families. In this regard, it is important to note that some States received hold harmless payments before they implemented the new family first distribution scheme. Regardless of what is done about the hold harmless provision, many States may face issues over the next several years in the way they finance their child support program.

States have also argued that the hold harmless provision is a fundamental part of the agreement on welfare reform between the States and Federal government. But this view is questionable. Child Support Enforcement is separate from TANF in the Federal statutes, State statutes, Federal administration, and State administration. Although related, they are clearly separate and distinct programs. Moreover, during negotiations between Congress and the

governors on the 1996 welfare reform law, the hold harmless provision was negotiated separately from welfare reform.

#### Title IV. Technical Corrections

##### *Present law*

Not applicable.

##### *Explanation of provision*

This section contains miscellaneous technical amendments to the 1996 welfare reform law.

##### *Reason for change*

The purpose of these technical amendments is to correct minor errors or inconsistencies in Title IV-A of the Social Security Act.

### III. VOTE OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the vote of the Committee in its consideration of the bill, H.R. 1802.

#### MOTION TO REPORT THE BILL

The bill, H.R. 1802, as introduced, was ordered favorably reported by voice vote on May 26, 1999, with a quorum present.

### IV. BUDGET EFFECTS OF THE BILL

#### A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d)(2) rule XIII of the Rules of the House of Representatives, the following statement is made:

The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

#### B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that although the Committee bill results in increased budget authority, the bill provides for savings in budget authority so that the entire bill is deficit neutral over 5 years. The bill contains no new tax expenditures.

#### C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) rule XIII of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office (CBO), the follow report prepared by CBO is provided.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, D.C. June 9, 1999.

Hon. BILL ARCHER,  
Chairman, Committee on Ways and Means,  
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1802, the Foster Care Independence Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Sheila Dacey, Eric Rollins, Dorothy Rosenbaum, and Jeanne De Sa.

Sincerely,

BARRY B. ANDERSON,  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 1802—Foster Care Independence Act of 1999*

Summary: H.R. 1802 would increase funding for the Independent Living program that assists foster care children and would give states a new option for providing health coverage for former foster children through the Medicaid program. Other provisions in the bill would improve payment accuracy and reduce fraud in the Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) programs and reduce federal payments to states under the child support program.

CBO estimates that this bill would increase discretionary spending by \$7 million over the 2000–2004 period due to higher administrative expenses for the Social Security Administration (SSA). H.R. 1802 would also reduce direct spending by \$5 million over the same period. The bill would increase spending in the Foster Care and Medicaid programs by \$291 million and \$195 million, respectively. These increases would be offset by reduced spending in the child support (\$230 million), SSI (\$125 million), Medicaid (\$118 million), Food Stamp (\$3 million), and State Children's Health Insurance (\$15 million) programs. H.R. 1802 would not have a significant impact on DI spending. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any provisions that relate to the Old-Age, Survivors, and Disability Insurance (OASDI) program under title II of the Social Security Act. CBO has determined that the provisions of this bill that affect the DI program fall within that exclusion.

Section 210 of the bill would deem certain requests for information from the Commissioner of Social Security as meeting state privacy requirements, thus preempting state law. This preemption would be a mandate as defined in UMRA, but it would not affect the budgets of state, local, or tribal governments. The remainder of the bill contains no intergovernmental mandates as defined by UMRA, but state, local, and tribal governments would be affected by federal assistance, changes in enrollment for Medicaid and SSI,

and a reduction in funding associated with child support. The bill contains no private-sector mandates as defined in UMRA.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1802 is shown in Table 1.

The costs of this legislation fall within budget functions 550 (health) and 600 (income security). This estimate assumes that H.R. 1802 is enacted by September 1999.

TABLE 1: ESTIMATED BUDGETARY EFFECTS OF H.R. 1802

	By fiscal year, in millions of dollars					
	1999	2000	2001	2002	2003	2004
Spending Subject to Appropriations						
Baseline: SSI Administration .....	2,434	2,499	2,509	2,590	2,671	2,754
Proposed changes: SSI Administration .....	0	1	1	3	1	1
Spending under H.R. 1802: SSI Administration .....	2,434	2,500	2,510	2,593	2,672	2,755
Direct Spending						
Baseline:						
Foster care and adoption assistance .....	4,841	5,296	5,768	6,253	6,751	7,255
Supplemental security income .....	28,179	29,625	31,258	33,005	34,826	36,766
Medicaid .....	107,484	116,578	124,841	134,927	146,073	159,094
State Children Health Insurance Program .....	800	2,000	3,000	3,900	4,017	4,138
Child support enforcement .....	2,486	2,792	2,980	3,229	3,574	3,854
Food stamps .....	20,353	21,439	22,480	23,314	23,985	24,687
<b>Total .....</b>	<b>164,143</b>	<b>177,730</b>	<b>190,327</b>	<b>204,628</b>	<b>219,226</b>	<b>235,794</b>
Proposed changes:						
Foster care and adoption assistance .....	0	13	58	73	73	74
Supplemental security income .....	0	1	-3	-42	-40	-40
Medicaid .....	0	5	13	0	25	34
State Children Health Insurance Program .....	0	-1	-2	-3	-4	-5
Child support enforcement .....	0	-50	-50	-45	-45	-40
Food stamps .....	0	0	1	-1	-1	-1
<b>Total .....</b>	<b>0</b>	<b>-33</b>	<b>16</b>	<b>-18</b>	<b>8</b>	<b>22</b>
Spending under H.R. 1802:						
Foster care and adoption assistance .....	4,841	5,309	5,826	6,326	6,824	7,329
Supplemental security income .....	28,179	29,625	31,255	32,963	34,786	36,726
Medicaid .....	107,484	116,583	124,854	134,927	146,098	159,128
State Children Health Insurance Program .....	800	1,999	2,998	3,897	4,013	4,133
Child support enforcement .....	2,486	2,742	2,930	3,184	3,529	3,814
Food stamps .....	20,353	21,439	22,480	23,313	23,984	24,686
<b>Total .....</b>	<b>164,143</b>	<b>177,697</b>	<b>190,343</b>	<b>204,610</b>	<b>219,234</b>	<b>235,816</b>

<sup>1</sup> Less than \$500,000.

Note: Components may not sum to totals due to rounding.

#### BASIS OF ESTIMATE

##### *Discretionary spending*

CBO estimates that H.R. 1802 would increase discretionary spending by \$7 million over the 2000–2004 period due to higher administrative expenses for SSA.

Period of Ineligibility for Certain Asset Transfers.—Section 207 of the bill would impose a period of ineligibility on SSI applicants who dispose of resources for less than fair market value. CBO estimates that SSA would have to investigate about 4,300 applicants annually under this provision and that each investigation would cost about \$200. The number of investigations is higher than the

number of applicants that would actually be made ineligible (which CBO estimates would be about 2,800) because not all investigations would result in a period of ineligibility. CBO estimates that these investigations would increase SSA's administrative expenses by about \$850,000 annually over the 2000–2004 period. The effects of this provision on direct spending are discussed below.

**Study on Additional Fraud Measures.**—Section 211 of the bill would require SSA to conduct a study on the need for additional measures to prevent fraud in the SSI and DI programs. This study would have to be completed within one year of the bill's enactment. Based on discussions with SSA about the number of people needed to conduct the study, CBO estimates that this provision would increase SSA's administrative expenses by \$550,000 in 2000.

**Allow Monitoring of Bank Accounts.**—Section 214 of the bill would authorize SSA to monitor the bank accounts of SSI recipients to check for unreported assets. This provision would replace a data match that SSA currently conducts using tax information. CBO estimates that this new monitoring system would not be in place until 2002, and that the additional investigations generated by this monitoring would increase SSA administrative expenses by \$2 million in 2002 and about \$350,000 annually in 2003 and 2004. The figure for 2002 is higher because the shift to the new monitoring system would result in a one-time speeding up of detections. The direct spending effects of this provision are also discussed below.

### *Direct spending*

**Title I: Improved Independent Living Program.**—Title I of H.R. 1802 would modify and expand funding for the Independent Living program, permit children in foster care to hold larger amounts of assets, and allow states to create a new Medicaid eligibility category for children who have reached age 18 and are no longer eligible for foster care. The estimated effects of title I on direct spending are shown in Table 2.

TABLE 2: ESTIMATED DIRECT SPENDING EFFECTS OF TITLE I OF H.R. 1802

	By fiscal year, in millions of dollars					5-year total
	2000	2001	2002	2003	2004	
<b>Improved Independent Living Program: Foster care and adoption assistance:</b>						
Budget authority .....	70	70	70	70	70	350
Outlays .....	10	55	70	70	70	275
<b>Increased allowable assets: Foster care and adoption assistance:</b>						
Budget authority .....	3	3	3	3	4	16
Outlays .....	3	3	3	3	4	16
<b>State option for Medicaid coverage:</b>						
<b>Medicaid:</b>						
Budget authority .....	5	20	40	60	70	195
Outlays .....	5	20	40	60	70	195
<b>S-CHIP:</b>						
Budget authority .....	0	0	0	0	0	0
Outlays .....	-1	-2	-3	-4	-5	-15
<b>Total:</b>						
Budget authority .....	78	93	113	133	144	561

TABLE 2: ESTIMATED DIRECT SPENDING EFFECTS OF TITLE I OF H.R. 1802—Continued

	By fiscal year, in millions of dollars					
	2000	2001	2002	2003	2004	5-year total
Outlays .....	17	76	110	129	139	471

*Improved Independent Living Program.* Section 101 would provide states with more funding and greater flexibility to carry out the Independent Living program.

The Independent Living program provides services to older foster children and former foster children to help them successfully make the transition from foster care to life on their own. The Independent Living program is an entitlement to states capped at \$70 million annually. Funds are allocated to states on the basis of each state's share of children receiving federal foster care assistance under title IV-E in 1984. States are required to provide a dollar-for-dollar match for federal funds received above their share of the first \$45 million. Activities authorized under the Independent Living program include vocational training, training in daily living skills, and other services designed to improve the transition to independent living.

Section 101 would raise the cap on Independent Living funding from \$70 million to \$140 million annually. The old matching formula would be replaced by one that requires states to provide one dollar for every four federal dollars. Funds would be allocated to states on the basis of each state's share of the number of children in foster care in the most recent year that data is available. However, no state's funding could fall below its 1998 level. Any unused funds would be reallocated to other states. The Secretary of Health and Human Services would reserve 1.5 percent of the \$140 million for evaluation, technical assistance, performance measurement, and data collection. States would be allowed to use up to 30 percent of their allotments for room and board expenses for former foster children between 18 and 21 years old.

Section 101 would provide additional funding totaling \$350 million in fiscal years 2000 through 2004; CBO estimates that outlays would amount to \$275 million over that period. CBO assumes that states would spend the increased funding at the same rate that they currently spend Independent Living funds.

*Increased Allowable Assets.* Section 111 would raise the limit on the amount of assets a child would have while remaining eligible for federal foster care assistance. Under current law children are eligible for federal foster care assistance if the family from which the child was removed would have been eligible for the Aid to Families with Dependent Children (AFDC) program as it was on June 1, 1995. To be eligible for AFDC, a family could not have more than \$1,000 in assets. This provision would allow children in foster care to have up to \$10,000 in assets and retain eligibility for federal foster care assistance.

CBO estimates that 1 percent of children in Independent Living programs have between \$1,000 and \$10,000 in assets and thus would be made newly eligible for federal foster care assistance. While any child in foster care might have assets that exceed

\$1,000, we estimated that the older children participating in Independent Living programs are the most likely to have higher assets. No administrative data or survey data record the assets of children in foster care. The estimate is based on conversations with national experts and state officials. CBO estimates that about half of the children in Independent Living programs, 45,000 children, would not currently be eligible for federal foster care assistance and that this provision would make 1 percent of them, 450 children, newly eligible for federal foster care payments. The federal government would spend \$3 million more in 2000 based on an average annual federal cost of \$7,000. That cost would rise to \$4 million by 2004, as both foster care caseloads and average benefit amounts increased, for a total cost of \$16 million over the 2000–2004 period.

*State Option for Medicaid Coverage.* Section 121 of H.R. 1802 would allow states to provide Medicaid eligibility to former foster children until their 21st birthday. CBO estimates that the provision would increase federal Medicaid outlays by \$5 million in 2000 and \$195 million over the 2000–2004 period. Savings amounting to \$15 million over the same period would occur in the State Children's Health Insurance Program (S-CHIP).

Children who receive federally-funded foster care are automatically eligible for Medicaid. Most children who receive state-funded foster care also are eligible for Medicaid. Automatic Medicaid eligibility ends when foster care ends—typically on the child's 18th birthday. Based on state-reported data on the number of children in foster care, CBO estimates that in 1998 there were 65,000 people who were 18, 19, or 20 years old, had received foster care on their 18th birthday, and were no longer receiving foster care. CBO projects this figure will rise to 80,000 by 2004.

Under current law there are several pathways to eligibility for young adults who have reached age 18 and are no longer eligible for foster care. They are eligible for Medicaid if they are disabled and receive SSI, or if they are a low-income parent and meet the state's welfare-related Medicaid eligibility criteria. In addition, 18 year-olds are eligible for Medicaid or S-CHIP if they meet the state's income criteria for those programs. Finally, states may cover children up to age 21 who would be eligible for cash welfare if they met the definition of dependent child. (This state option is often referred to as the Ribicoff provisions.) Based on conversations with state staff and available research on the circumstances of former foster children, CBO estimates that about 60 percent of former foster care children are eligible for Medicaid and that just over half of those who are eligible are currently enrolled. In 2004 this would correspond to 48,000 eligible individuals and 27,000 enrollees.

Under H.R. 1802, CBO estimates that both eligibility and participation among former foster care children would be higher. The bill would allow states to target eligibility to former foster children as a specific eligibility group. In addition, states could determine the income and resource limits that would apply or eliminate the means test altogether. CBO assumes that three-quarters of the states that have adopted the Ribicoff provisions and two-thirds of the other states would take up the option. Under the option, CBO assumes that the total proportion of former foster children who would be eligible would increase to 85 percent. CBO further as-

sumes that states will enroll a larger proportion (75 percent) of eligibles by eliminating or raising the means test and by streamlining the eligibility process. In 2004 these assumptions result in 68,000 eligible individuals and 51,000 enrollees, or a net increase in enrollment of about 24,000.

Research and administrative data show that children who are in foster care have average medical costs that are two to five times higher than costs for other children who receive Medicaid. Higher average costs are largely, though not exclusively, attributable to greater mental health needs. Because many of the people with the greatest medical needs are likely already participating under current eligibility rules, and because former foster children may not seek as many services as foster children, CBO assumes average federal Medicaid costs per person would be twice the average for Medicaid children, or about \$2,700 a year in 2004. Federal Medicaid costs for these new enrollees would total \$65 million in 2004.

In addition, some 18 year-old former foster children are currently eligible for S-CHIP rather than Medicaid. Under the bill, if the state takes the option to expand eligibility to former foster children, those children would lose S-CHIP eligibility and would participate in Medicaid instead. Because not all states will have exhausted their S-CHIP funds, spending for S-CHIP would be reduced by \$5 million in 2004 and Medicaid spending would increase by a similar amount.

**Title II: SSI Fraud Prevention.**—Title II primarily contains provisions aimed at improving payment accuracy and program integrity in the SSI program. Another provision would allow SSI recipients who served in certain Filipino military units during World War II to receive a reduced benefit if they move back to Philippines. The direct spending effects of title II are shown in Table 3.

TABLE 3: ESTIMATED DIRECT SPENDING EFFECTS OF TITLE II OF H.R. 1802

	Outlays by fiscal year, in millions of dollars					5-year total
	2000	2002	2003	2004		
Additional debt collection tools .....	0	0	-5	-10	-10	-25
Count certain trusts as resources .....	(1)	(1)	-1	-1	-2	-4
Period of ineligibility for certain asset transfers:						
SSI .....	-a	-2	-4	-6	-7	-19
Medicaid .....	-a	-2	-5	-8	-10	-25
Subtotal .....	-a	-4	-9	-14	-17	-44
Allow monitoring of bank accounts:						
SSI .....	0	0	-30	-21	-19	-70
Medicaid .....	0	0	-22	-18	-17	-60
Subtotal .....	0	0	-55	-39	-36	-130
Benefit for Filipino veterans:						
SSI .....	0	-1	-2	-2	-2	-7
Medicaid .....	0	-5	-10	-9	-9	-33
Food stamps .....	0	(1)	-1	-1	-1	-3
Subtotal .....	0	-6	-13	-12	-12	-43

TABLE 3: ESTIMATED DIRECT SPENDING EFFECTS OF TITLE II OF H.R. 1802—Continued

	Outlays by fiscal year, in millions of dollars					
	2000	2002	2003	2004	5-year total	
Total .....	(1)	- 10	- 83	- 76	- 77	- 246

<sup>1</sup> Less than \$500,000.

*Additional Debt Collection Tools.* Section 203 of the bill would allow SSA to use additional debt collection practices in recovering SSI overpayments. These practices include assessing interest and penalties on overpayments, reporting individuals who are slow to repay to credit bureaus, and contracting with private collection agencies. SSA already uses these debt collection practices for Social Security overpayments.

Under current law, SSA's primary method of recovering SSI overpayments is through benefit offsets. Individuals who have been overpaid and are receiving either SSI or Social Security can have up to 10 percent of their monthly benefits withheld until the overpayment has been recovered. SSA's ability to recover overpayments from individuals who are not receiving SSI or Social Security is much more limited. SSA can do little more than send these individuals repeated requests for repayments, usually with no results. As a final step after these requests have failed, SSA can ask the Treasury Department to withhold any tax refunds due to individuals who have been overpaid. However, most SSI recipients have sufficiently low incomes that they are not affected.

Like the tax refund offset, these new debt collection tools would be used only after the benefit offsets and requests for voluntary repayment have failed. These new tools would take a significant amount of time to implement and likely would not be available before fiscal year 2002. According to SSA, about \$400 million in delinquent SSI debt is outstanding at any one time. SSA recovers about \$60 million of this debt—15 percent—annually using current collection methods. CBO estimates that the additional debt collection tools in H.R. 1802 would allow SSA to recover an additional 2 to 2.5 percent of this delinquent debt. These additional collections would boost recoveries, which are considered offsetting receipts, by \$25 million over the 2000–2004 period.

*Count Certain Trusts as Resources.* In order to qualify for SSI benefits, an individual's total resources must fall within certain limits. For SSI purposes, the term "resources" includes most types of assets but excludes certain items like a primary residence and a car. SSI also excludes assets that an individual has placed in an irrevocable trust. By comparison, assets placed in a revocable trust are considered resources since an individual can dissolve the trust and regain control over the assets.

Section 206 of the bill would count the assets that an individual places in an irrevocable trust as resources if the trust could still make payments for the individual's benefit. This new policy would apply only to trusts formed after December 31, 1999, and would incorporate exemptions for certain disabled individuals contained in a similar policy in the Medicaid program.

According to SSA, about 20,000 current SSI recipients have irrevocable trusts. Since turnover for the SSI caseload is about 10

percent annually, CBO assumes that the provision would affect about 2,000 new trusts each year. CBO assumed that 90 percent of trusts would meet one of the bill's exceptions and not be counted as resources. The exceptions apply primarily to disabled individuals, and research by SSA suggests that most trusts are held by disabled children and disabled adults. As a result, CBO estimates that about 200 individuals each year would be ineligible for SSI under this provision and that the resulting benefit savings would total \$4 million over the 2000–2004 period.

*Period of Ineligibility for Certain Asset Transfers.* There is currently no penalty for individuals who transfer or sell assets for less than fair market value in order to meet SSI's asset restrictions. (SSI did penalize these transfers from 1981 to 1988, usually by imposing a two-year period of ineligibility.)

Section 207 of the bill would impose a period of ineligibility on SSI applicants who transfer assets for less than market value. The new SSI restrictions would be similar to those that already exist in the Medicaid program for individuals seeking institutional services, and would apply only to asset transfer taking place in the three-year period prior to application. The length of the period of ineligibility would vary according to the uncompensated value of the assets that were transferred but could not exceed 36 months. These new provisions would apply only to asset transfers taking place after enactment.

Based on a 1996 study by the General Accounting Office, CBO estimates that about 2,800 SSI applicants annually have transferred assets within the previous three years and would be subject to this provision. Initially, many applicants would not be affected since they transferred assets prior to the bill's enactment. However, about 5,300 people would be ineligible for SSI by 2004. CBO estimates that the resulting SSI benefit savings would total \$19 million over the 2000–2004 period.

CBO estimates that the change in SSI treatment of asset transfers would also result in federal Medicaid savings of \$25 million over the 2000–2004 period. CBO assumes that under the provision, about half of the individuals who lose SSI eligibility would also lose eligibility for Medicaid.

In some states, prohibitions or asset divestiture for noninstitutional care already prohibit SSI recipients who have transferred assets from receiving Medicaid. Although under current law the states must impose penalties for transferring assets on applicants who seek institutional services, states may apply the same criteria to applicants seeking noninstitutional services. In states where SSI eligibility does not automatically confer Medicaid eligibility, Medicaid beneficiaries who transferred resources to get SSI would not be affected by the policy. These states (known as 209(b) states) establish their own eligibility criteria for SSI-related Medicaid coverage. Additionally, in some states, individuals losing SSI would be eligible for state medically-needy programs, which allow beneficiaries to deplete their income and resources to Medicaid eligibility levels because of high medical expenses.

Per capita expenditures for those who would lose Medicaid eligibility are likely to be similar to expenses for acute and noninstitutional care services for current Medicaid beneficiaries—about

\$2,400 a year in 2000 for aged persons and \$4,000 for disabled persons. CBO assumes that most people affected by the bill would be aged.

*Allow Monitoring of Bank Accounts.* Section 214 of the bill would allow SSA to obtain financial records for SSI recipients to ensure that they meet SSI's resource restrictions and remain eligible for benefits. SSA already has the authority to get a recipient's financial records, but only on a case-by-case basis and with the recipient's permission. This bill would require recipients to give their permission automatically or risk losing their eligibility. This would allow SSA to conduct periodic data matches with financial institutions to check for unreported assets.

SSA currently checks for unreported assets in bank accounts through a data match with the Internal Revenue Service (IRS) based on the information on form 1099, which is issued to individuals with interest income. SSA generally conducts this match in September or October each year, using IRS data for the previous tax (i.e., calendar) year. This means that recipients with unreported bank accounts may be overpaid for as much as 22 months before detection. And since the current match is based on form 1099, it does not cover SSI recipients with assets in non-interest-bearing accounts. Switching to periodic direct matches with financial institutions would allow SSA to obtain information on unreported assets in a more timely manner and monitor some non-interest-bearing accounts.

CBO estimates that under current law between 7,000 and 8,000 recipients annually lose their SSI eligibility as a result of the 1099-based match. Many of these individuals subsequently regain eligibility by spending down their assets to meet SSI's asset restrictions. Research by SSA suggests that over 40 percent of SSI recipients who are suspended for having excess resources return to the rolls within a year, and that about 60 percent of suspended recipients return within four years.

Based on discussions with SSA, CBO estimates that this provision would not be fully implemented until 2002. SSA will need at least two years to negotiate, develop, and test a data-sharing protocol with the financial industry that would allow these periodic data matches. This match would be conducted primarily with large national and regional banks.

Starting in 2002, CBO estimates that an additional 6,000 SSI recipients would become ineligible under the new match. These additional suspensions would mostly represent a speeding up of detections that would have occurred later under the current matching process. Based on information from the Federal Reserve, CBO also assumes that total suspensions would increase by about 10 percent due to improve detection of non-interest-bearing accounts. By 2004, many suspended recipients would have returned to the SSI rolls, and CBO estimates that the number of additional suspended recipients would decline to about 3,500. Overall, CBO estimates that this provision would reduce spending on SSI benefits by \$70 million over the 2000–2004 period.

CBO assumes that most people who lose SSI eligibility due to resources above the SSI limit would also be disqualified from Medicaid, since the Medicaid resource limit is usually the same as the

SSI limit. At an average annual cost of \$2,400 for aged individuals and \$4,000 for disabled individuals in 2000, CBO estimates total Medicaid savings of \$60 million over the 2000–2004 period.

*Benefit for Filipino Veterans.* Under current law, SSI recipients must usually live in the United States to remain eligible for benefits. Section 251 would allow recipients who served in certain Filipino military units during World War II to remain eligible even if they move back to the Philippines. Recipients who return to the Philippines would have their SSI benefit reduced by about 25 percent and would become ineligible for Medicaid or food stamps. This provision would apply only to Filipino veterans receiving SSI at the time of the bill's enactment and would take effect a year after enactment.

During World War II, the Philippines was still an American commonwealth. In 1941, President Roosevelt issued an executive order that attached the Commonwealth Army and other military units to the U.S. armed forces for the duration of the war. An estimated 200,000 Filipinos ultimately served in these units, and somewhere between 80,000 and 90,000 are still alive today.

Most of the Filipino veterans who are now receiving SSI probably came to the United States under a special provision of the Immigration Act of 1990 that allowed them to become naturalized citizens. According to the Immigration and Naturalization Service (INS), about 17,500 veterans have become citizens under this provision. However, veterans could naturalize in either the Philippines or the United States, and INS does not know how many veterans are in this country. CBO estimated that about 16,000 naturalized veterans are still alive and assumed that 80 percent of the veterans who naturalized are in the United States, and that half of them get SSI. The percentage of veterans on SSI should be high; virtually all veterans are well over 65 years old and those who spent most of their lives in the Philippines are probably poor. CBO also assumed that another 1,000 veterans who either arrived before 1990 or arrived after 1990 as noncitizens are also getting benefits. Overall, CBO estimated that about 7,300 Filipino veterans are currently receiving SSI benefits.

Filipino veterans who have little or no family in this country are most likely to take advantage of the reduced SSI benefit offered in H.R. 1802. Unfortunately, very little demographic information is available on the veterans in this country. CBO assumed that 20 percent of the veterans on SSI would return to the Philippines. Although expansions of benefits often attract additional people to the benefit rolls, that effect seems likely to be small for this particular proposal. Relative to current law, CBO estimates that this provision would reduce SSI outlays by \$7 million over the 2000–2004 period. Since veterans who return to the Philippines would become ineligible for food stamps and Medicaid, this provision would also reduce spending in those programs by \$3 million and \$33 million, respectively, over the same period.

*Title III: Child Support.*—Title III would eliminate the hold-harmless provision of the child support program. Under current law, federal and state governments retain any child support collected on behalf of current recipients and certain support collected on behalf of former TANF recipients. Under the hold-harmless pro-

vision, the federal government guarantees that a state's amount of retained child support will not fall below the amount that it retained in fiscal year 1995. In 1999, the federal government made hold-harmless payments to 19 states, the District of Columbia, and Guam totaling \$45 million. CBO projects hold-harmless payments will rise to \$50 million in 2000 as child support collections fall and fall to \$40 million by 2004 as collections grow slightly. Eliminating the hold harmless provision would save a total of \$230 million over the 2000–2004 period.

Pay-as-you-go considerations: The provisions of H.R. 1802 would affect direct spending and thus be subject to pay-as-you-go procedures. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in Table 4. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

TABLE 4: ESTIMATED PAY-AS-YOU-GO EFFECTS OF H.R. 1802

	By fiscal year, in millions of dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays .....	-33	16	-18	8	22	27	36	49	53	62
Changes in receipts .....	not applicable									

#### INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

##### *Exclusions*

Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any provisions that relate to the Old-Age, Survivors, and Disability Insurance program under title II of the Social Security Act. CBO has determined that the provisions of this bill that affect the DI program fall within that exclusion.

##### *Mandates*

Under current law, the Commissioner of Social Security is authorized to request information from states in order to determine eligibility for Supplemental Security Income benefits. The bill would deem the standards of the Commissioner for the use, safeguarding, and disclosure of such information to meet the standards of state law and regulations. In doing so, the bill would preempt state laws and regulations and would be a mandate as defined in UMRA. CBO estimates that the mandate would not affect the budgets of state, local, or tribal governments because, although it would preempt state authority, states would not be required to take any action.

H.R. 1802 contains no private-sector mandates as defined in UMRA.

##### *Other Impacts*

**Independent Living Program.**—The bill would raise the cap and change state matching rates for the Independent Living program. States are currently required to provide a 50-percent match in order to receive federal funds over \$45 million. This entitlement is currently capped at \$70 million annually. The bill would both raise the cap to \$140 million annually (less 1.5 percent for federal ad-

ministrative expenses) and institute a matching rate of 20 percent. These changes would result in additional funding to states of \$68 million annually but they would be required to provide matching funds of \$10 million more than they are currently spending.

**Change in Asset Limitation for Foster Care.**—The bill would also increase the amount of assets a child could have while remaining eligible for federal foster care assistance. CBO estimates that this change would make 450 more children eligible for federal foster care assistance. States currently pay all of the foster care costs for these children. With the change in this bill, states would provide matching funds for foster care at their state Medicaid matching rate. Total state spending for these children thus would decline from \$28 million to \$12 million over the 2000–2004 period.

**Supplemental Security Income.**—All but eight states provide some form of optional supplementation for recipients of SSI. Just as the proposed changes in the bill would result in savings to the federal government, state spending for supplemental SSI payments would also be reduced due to greater fraud prevention activities and longer periods of ineligibility for asset transfers. The bill also would allow Filipino veterans to receive reduced SSI benefits if they move to the Philippines. In those cases, state supplements (which are paid to residents) would cease. In total, CBO estimates that states would save approximately \$17 million in state supplemental payments over the 2000–2004 period as a result of these changes.

**Medicaid.**—The bill would allow states to extend Medicaid eligibility for former foster children aged 18 to 21 years old. Adopting such an option would increase state spending for Medicaid. It may be more expensive for states that currently cover 18 year-olds under S-CHIP because the match rate for S-CHIP is higher than that for Medicaid. CBO estimates that the net increase in state spending from this option over the 2000–2004 period would be \$140 million for Medicaid and S-CHIP.

Title II of the bill would also make a number of changes to the SSI program that would affect Medicaid spending because in most states SSI receipt automatically confers Medicaid eligibility. The proposed changes to SSI regarding asset transfers, monitoring of bank accounts, and enrollment eligibility for Filipino veterans are estimated to save states approximately \$90 million in Medicaid spending over the 2000–2004 period.

**Child Support Hold-Harmless Provision.**—Under current law, states may retain a portion of child support collections in order to reimburse themselves for TANF payments they made for children that were owed child support. In cases where states have been unable to collect child support equal to the 1995 level, the federal government has provided funding to make up the difference. The bill would eliminate this guarantee, resulting in annual losses to states ranging from \$40 million to \$50 million annually and totaling \$230 million over the 2000–2004 period.

Estimate prepared by: Federal Costs: Sheila Dacey; Supplemental Security Income: Eric Rollins; Medicaid: Dorothy Rosenbaum and Jeanne Da Sa; Impact on State, Local, and Tribal Governments: Leo Lex; Impact on the Private Sector: Theresa Devine.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

## **V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE**

### **A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS**

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the need for this legislation was confirmed by the oversight hearings of the Subcommittee on Human Resources. The hearings were as follows:

The Subcommittee on Human Resources held a hearing on May 13, 1999, to receive comments on H.R. 1802, the bipartisan legislation written by Chairman Johnson and Mr. Cardin. Testimony at the hearing was presented by scholars, program administrators, foundation executives, a Member of Congress, and adolescents participating in programs designed to help adolescents in foster care achieve self-sufficiency through employment or post-secondary education. The Subcommittee also conducted a hearing on March 9, 1999, which included testimony from the Administration, child advocacy groups, program administrators, and former foster children.

The Committee bill also includes extensive provisions addressed to reducing fraud and abuse in the Supplemental Security Income (SSI) program. The Subcommittee on Human Resources held a hearing on SSI fraud and abuse on February 3, 1999, which included testimony from Members of Congress, the Administration, and organizations representing citizens with disabilities and Filipino veterans. On February 10, 1999, the Subcommittee ordered favorably reported to the full Committee on Ways and Means, as amended, H.R. 631, the "SSI Fraud Prevention Act of 1999," which is now included as Title II of H.R. 1802, the "Foster Care Independence Act of 1999."

In the 105th Congress, the Subcommittee on Human Resources held a hearing on SSI fraud and abuse, on April 21, 1998, which included testimony from Members of Congress, the Administration, and a former Social Security claims representative.

### **B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE**

In compliance with clause 3(c)(4) rule XIII of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been submitted to the Committee on Government Reform and Oversight regarding the subject of the bill.

### **C. CONSTITUTIONAL AUTHORITY STATEMENT**

With respect to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for \* \* \* the general Welfare of the United States \* \* \*").

**VI. CHANGES IN EXISTING LAWS MADE BY THE BILL, AS REPORTED**

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**SOCIAL SECURITY ACT**

\* \* \* \* \*

**TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS**

\* \* \* \* \*

**AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS**

**Old Age Insurance Benefits**

SEC. 202. (a) \* \* \*

\* \* \* \* \*

(w)(1) \* \* \*

(2) For purposes of this subsection, the number of increment months for any individual shall be a number equal to the total number of the months—

(A) \* \* \*

(B) with respect to which—

(i) such individual was a fully insured individual (as defined in section 214(a)), [and]

(ii) such individual either was not entitled to an old-age insurance benefit or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit[.], and

(iii) such individual was not subject to a penalty imposed under section 1129A.

\* \* \* \* \*

(x)(1) \* \* \*

\* \* \* \* \*

(4)(A) *No person shall be considered entitled to monthly insurance benefits under this section based on the person's disability or to disability insurance benefits under section 223 otherwise payable during the 10-year period that begins on the date the person—*

*(i) knowingly fails to timely notify the Commissioner of Social Security, in connection with any application for benefits under this title, of any prior receipt by such person of any benefit under this title or title XVI in any month in which such benefit was not payable under the preceding provisions of this subsection, or*

*(ii) knowingly fails to comply with any schedule imposed by the Commissioner which is for repayment of overpayments comprised of payments described in subparagraph (A) and which is in compliance with section 204.*

*(B) The Commissioner of Social Security shall, in addition to any other relevant factors, take into account any mental or linguistic limitations of a person (including any lack of facility with the English language) in determining whether the person has knowingly failed to comply with a requirement of clause (i) or (ii) of subparagraph (A).*

\* \* \* \* \*

#### OVERPAYMENTS AND UNDERPAYMENTS

SEC. 204. (a)(1) \* \* \*

(2) Notwithstanding any other provision of this section, when any payment of more than the correct amount is made to or on behalf of an individual who has died, and such payment—

(A) is made by direct deposit to a financial institution;

(B) is credited by the financial institution to a joint account of the deceased individual and another person; and

(C) such other person was entitled to a monthly benefit on the basis of the same wages and self-employment income as the deceased individual for the month preceding the month in which the deceased individual died,

the amount of such payment in excess of the correct amount shall be treated as a payment of more than the correct amount to such other person. *If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual's death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.*

(b)(1) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience. In making for purposes of this subsection any determination of whether any individual is without fault, the Commissioner of Social Security shall specifically take into account any physical, mental, educational, or linguistic limitation such individual may have (including any lack of facility with the English language).

(2) *Paragraph (1) shall not apply with respect to any payment to any person made during a month in which such benefit was not payable under section 202(x).*

(3) *The Commissioner shall not refrain from recovering overpayments from resources currently available to any overpaid person or to such person's estate solely because such individual is confined as described in clause (i) or (ii) of section 202(x)(1)(A).*

\* \* \* \* \*

(f)(1) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections [3711(e)] 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, *all*

as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

\* \* \* \* \*

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

SEC. 402. ELIGIBLE STATES; STATE PLAN.

(a) IN GENERAL.—As used in this part, the term “eligible State” means, with respect to a fiscal year, a State that, during the 27-month period ending with the close of the 1st quarter of the fiscal year, has submitted to the Secretary a plan that the Secretary has found includes the following:

(1) OUTLINE OF FAMILY ASSISTANCE PROGRAM.—

(A) \* \* \*

(B) SPECIAL PROVISIONS.—

(i) \* \* \*

\* \* \* \* \*

(iv) Not later than 1 year after the date of enactment of this [Act] section, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

\* \* \* \* \*

SEC. 404. USE OF GRANTS.

(a) \* \* \*

\* \* \* \* \*

(e) AUTHORITY TO RESERVE CERTAIN AMOUNTS FOR ASSISTANCE.—A State or tribe may reserve amounts paid to the State or tribe under this part for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State or tribal program funded under this part.

\* \* \* \* \*

SEC. 409. PENALTIES.

(a) \* \* \*

\* \* \* \* \*

(7) FAILURE OF ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC EFFORT.—

(A) \* \* \*

(B) DEFINITIONS.—As used in this paragraph:

(i) QUALIFIED STATE EXPENDITURES.—

(I) \* \* \*

(II) EXCLUSION OF TRANSFERS FROM OTHER STATE AND LOCAL PROGRAMS.—Such term does not include expenditures under any State or local program during a fiscal year, except to the extent that—

(aa) the expenditures exceed the amount expended under the State or local program in the fiscal year most recently ending before the date of the enactment of this [part] section; or

\* \* \* \* \*

SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) \* \* \*

\* \* \* \* \*

(g) REPORT ON CIRCUMSTANCES OF CERTAIN CHILDREN AND FAMILIES.—

(1) IN GENERAL.—Beginning 3 years after the date of the enactment of this [Act] section, the Secretary of Health and Human Services shall prepare and submit to the Committees on Ways and Means and on Education and the Workforce of the House of Representatives and to the Committees on Finance and on Labor and Resources of the Senate annual reports that examine in detail the matters described in paragraph (2) with respect to each of the following groups for the period after such enactment:

(A) \* \* \*

\* \* \* \* \*

SEC. 416. ADMINISTRATION.

The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the amendments made by such Act, and by an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount appropriated for any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary shall take such actions as may be necessary, including reductions in force actions, consistent with

sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services by 245 full-time equivalent positions related to the program converted into a block grant under the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and by 60 full-time equivalent managerial positions in the Department.

\* \* \* \* \*

SEC. 431. DEFINITIONS.

(a) IN GENERAL.—As used in this subpart:

(1) \* \* \*

\* \* \* \* \*

(6) INDIAN TRIBE.—The term “Indian tribe” means any Indian tribe (as defined in section 482(i)(5), *as in effect before August 22, 1986*) and any Alaska Native organization (as defined in section 482(i)(7)(A), *as so in effect*).

\* \* \* \* \*

DUTIES OF THE SECRETARY

SEC. 452. (a) The Secretary shall establish, within the Department of Health and Human Services a separate organizational unit, under the direction of a designee of the Secretary, who shall report directly to the Secretary and who shall—

(1) \* \* \*

\* \* \* \* \*

(7) provide technical assistance to the States to help them establish effective systems for collecting child and spousal support and establishing paternity, and specify the minimum requirements of an affidavit to be used for the voluntary acknowledgment of paternity which shall include the [Social Security] *social security* number of each parent and, after consultation with the States, other common elements as determined by such designee;

\* \* \* \* \*

STATE PLAN FOR CHILD AND SPOUSAL SUPPORT

SEC. 454. A State plan for child and spousal support must—

(1) \* \* \*

\* \* \* \* \*

(6) provide that—

(A) \* \* \*

\* \* \* \* \*

(E) any costs in excess of the fees so imposed may be collected—

(i) from the parent who owes the child or spousal support obligation involved[, or]; *or*

\* \* \* \* \*

(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

- (A) in establishing paternity, if necessary[,];
- (B) in locating a noncustodial parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State[,];
- (C) in securing compliance by a noncustodial parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of the child or children or the parent of such child or children with respect to whom aid is being provided under the plan of such other State[,];

\* \* \* \* \*

(19) provide that the agency administering the plan—

(A) shall determine on a periodic basis, from information supplied pursuant to section 508 of the Unemployment Compensation Amendments of 1976, whether any individuals receiving compensation under the State's unemployment compensation law (including amounts payable pursuant to any agreement under any Federal unemployment compensation law) owe child support obligations which are being enforced by such agency[, and]; *and*

(B) shall enforce any such child support obligations which are owed by such an individual but are not being met—

(i) through an agreement with such individual to have specified amounts withheld from compensation otherwise payable to such individual and by submitting a copy of any such agreement to the State agency administering the unemployment compensation law[, or]; *or*

\* \* \* \* \*

(24) provide that the State will have in effect an automated data processing and information retrieval system—

(A) by October 1, 1997, which meets all requirements of this part which were enacted on or before the date of enactment of the Family Support Act of 1988[, and]; *and*

(B) by October 1, 2000, which meets all requirements of this part enacted on or before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 344(a)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996;

\* \* \* \* \*

**SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.**

(a) **IN GENERAL.**—Subject to subsections [(e) and (f)] (*d*) and (*e*), an amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

(1) \* \* \*

(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

(A) \* \* \*

(B) PAYMENTS OF ARREARAGES.—To the extent that the amount so collected exceeds the amount required to be paid to the family for the month in which collected, the State shall distribute the amount so collected as follows:

(i) DISTRIBUTION OF ARREARAGES THAT ACCRUED AFTER THE FAMILY CEASED TO RECEIVE ASSISTANCE.—

(I) PRE-OCTOBER 1997.—Except as provided in subclause (II), the provisions of this section as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity *Reconciliation Act* [Reconciliation] of 1996 (other than subsection (b)(1) (as so in effect)) shall apply with respect to the distribution of support arrearages that—

(aa) \* \* \*

\* \* \* \* \*

(5) STUDY AND REPORT.—Not later than October 1, 1999, the Secretary shall report to the Congress the Secretary's findings with respect to—

(A) \* \* \*

\* \* \* \* \*

(C) what the overall impact has been of the amendments made by the Personal Responsibility and Work Opportunity *Reconciliation Act* of 1996 with respect to child support enforcement in moving people off of welfare and keeping them off of welfare; and

\* \* \* \* \*

(6) STATE OPTION FOR APPLICABILITY.—Notwithstanding any other provision of this subsection, a State may elect to apply the rules described in clauses (i)(II), (ii)(II), and (v) of paragraph (2)(B) to support arrearages collected on and after October 1, 1998, and, if the State makes such an election, shall apply the provisions of this section, as in effect and applied on the day before the date of enactment of section 302 of the Personal Responsibility and Work Opportunity *Reconciliation Act* of 1996 (Public Law 104–193, 110 Stat. 2200), other than subsection (b)(1) (as so in effect), to amounts collected before October 1, 1998.

\* \* \* \* \*

(c) DEFINITIONS.—As used in subsection (a):

(1) ASSISTANCE.—The term “assistance from the State” means—

(A) assistance under the State program funded under part A or under the State plan approved under part A of this title (as in effect on the day before the date of the en-

actment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); and

\* \* \* \* \*

[(d) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996), the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.]

[(e)] (d) GAP PAYMENTS NOT SUBJECT TO DISTRIBUTION UNDER THIS SECTION.—At State option, this section shall not apply to any amount collected on behalf of a family as support by the State (and paid to the family in addition to the amount of assistance otherwise payable to the family) pursuant to a plan approved under this part if such amount would have been paid to the family by the State under section 402(a)(28), as in effect and applied on the day before the date of the enactment of section 302 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. [For purposes of subsection (d), the State share of such amount paid to the family shall be considered amounts which could be retained by the State if such payments were reported by the State as part of the State share of amounts collected in fiscal year 1995.]

[(f)] (e) Notwithstanding the preceding provisions of this section, amounts collected by a State as child support for months in any period on behalf of a child for whom a public agency is making foster care maintenance payments under part E—

(1) \* \* \* \* \*

REQUIREMENT OF STATUTORILY PRESCRIBED PROCEDURES TO IMPROVE EFFECTIVENESS OF CHILD SUPPORT ENFORCEMENT

SEC. 466. (a) In order to satisfy section 454(20)(A), each State must have in effect laws requiring the use of the following procedures, consistent with this section and with regulations of the Secretary, to increase the effectiveness of the program which the State administers under this part:

(1) \* \* \* \* \*

(7) REPORTING ARREARAGES TO CREDIT BUREAUS.—

(A) IN GENERAL.—Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. [1681a(f)] 1681a(f))) the name of any noncustodial parent who is delinquent in the payment of support, and the amount of overdue support owed by such parent.

(B) \* \* \*

\* \* \* \* \*

(b) The procedures referred to in subsection (a)(1)(A) (relating to the withholding from income of amounts payable as support) must provide for the following:

(1) \* \* \*

\* \* \* \* \*

(6)(A)(i) The employer of any noncustodial parent to whom paragraph (1) applies, upon being given notice as described in clause (ii), must be required to withhold from such noncustodial parent's income the amount specified by such notice (which may include a fee, established by the State, to be paid to the employer unless waived by such employer) and pay such amount (after deducting and retaining any portion thereof which represents the fee so established) to the State disbursement unit within 7 business days after the date the amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part. The employer shall withhold funds as directed in the notice, except that when an employer receives an income withholding order issued by another State, the employer shall apply the income withholding law of the [state] State of the obligor's principal place of employment in determining—

(I) \* \* \*

\* \* \* \* \*

(c) EXPEDITED PROCEDURES.—The procedures specified in this subsection are the following:

(1) \* \* \*

(2) SUBSTANTIVE AND PROCEDURAL RULES.—The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

(A) LOCATOR INFORMATION; PRESUMPTIONS CONCERNING NOTICE.—Procedures under which—

(i) each party to any paternity or child support proceeding is required (subject to privacy safeguards) to file with the State case registry upon entry of an order, and to update as appropriate, information on location and identity of the party, including [Social Security] social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer; and

\* \* \* \* \*

STATE PLAN FOR FOSTER CARE AND ADOPTION ASSISTANCE

SEC. 471. (a) In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which—

(1) \* \* \*

\* \* \* \* \*

(8) provides safeguards which restrict the use of or disclosure of information concerning individuals assisted under the State

plan to purposes directly connected with (A) the administration of the plan of the State approved under this part, the plan or program of the State under part A, B, or D of this title [(including activities under part F)] or under title I, V, X, XIV, XVI (as in effect in Puerto Rico, Guam, and the Virgin Islands), XIX, or XX, or the supplemental security income program established by title XVI, (B) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program, (C) the administration of any other Federal or federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need, (D) any audit or similar activity conducted in connection with the administration of any such plan or program by any governmental agency which is authorized by law to conduct such audit or activity, and (E) reporting and providing information pursuant to paragraph (9) to appropriate authorities with respect to known or suspected child abuse or neglect; and the safeguards so provided shall prohibit disclosure, to any committee or legislative body (other than an agency referred to in clause (D) with respect to an activity referred to in such clause), of any information which identifies by name or address any such applicant or recipient; except that nothing contained herein shall preclude a State from providing standards which restrict disclosures to purposes more limited than those specified herein, or which, in the case of adoptions, prevent disclosure entirely;

\* \* \* \* \*

FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

SEC. 472. (a) Each State with a plan approved under this part shall make foster care maintenance payments (as defined in section 475(4)) under this part with respect to a child who would have met the requirements of section 406(a) (as so in effect) or of section 407 (as such sections were in effect on July 16, 1996) but for his removal from the home of a relative (specified in section 406(a)), if—

(1) \* \* \*

\* \* \* \* \*

In any case where the child is an alien disqualified under section 245A(h), 210(f), or 210A(d)(7) of the Immigration and Nationality Act from receiving aid under the State plan approved under section 402 in or for the month in which such agreement was entered into or court proceedings leading to the removal of the child from the home were instituted, such child shall be considered to satisfy the requirements of paragraph (4) (and the corresponding requirements of section 473(a)(2)(B)), with respect to that month, if he or she would have satisfied such requirements but for such disqualification. *In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than \$10,000 shall be considered to be a child whose resources have a*

*combined value of not more than \$1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).*

\* \* \* \* \*

PAYMENTS TO STATES; ALLOTMENTS TO STATES

SEC. 474. (a) For each quarter beginning after September 30, 1980, each State which has a plan approved under this part shall be entitled to a payment equal to the sum of—

(1) \* \* \*

\* \* \* \* \*

[(4) an amount equal to the sum of—

[(A) so much of the amounts expended by such State to carry out programs under section 477 as do not exceed the basic amount for such State determined under section 477(e)(1); and

[(B) the lesser of—

[(i) one-half of any additional amounts expended by such State for such programs; or

[(ii) the maximum additional amount for such State under such section 477(e)(1).]

(4) the lesser of—

(A) 80 percent of the amount (if any) by which—

(i) the total amount expended by the State during the fiscal year in which the quarter occurs to carry out programs in accordance with the State application approved under section 477(b) for the period in which the quarter occurs (including any amendment that meets the requirements of section 477(b)(5)); exceeds

(ii) the total amount of any penalties assessed against the State under section 477(e) during the fiscal year in which the quarter occurs; or

(B) the amount allotted to the State under section 477 for the fiscal year in which the quarter occurs, reduced by the total of the amounts payable to the State under this paragraph for all prior quarters in the fiscal year.

\* \* \* \* \*

INDEPENDENT LIVING INITIATIVES

SEC. 477. (a)(1) Payments shall be made in accordance with this section for the purpose of assisting States and localities in establishing and carrying out programs designed to assist children described in paragraph (2) who have attained age 16 in making the transition from foster care to independent living. Any State which provides for the establishment and carrying out of one or more such programs in accordance with this section for a fiscal year shall be entitled to receive payments under this section for such fiscal year, in an amount determined under subsection (e).

(2) A program established and carried out under paragraph (1)—

[(A) shall be designed to assist children with respect to whom foster care maintenance payments are being made by the State under this part (including children with respect to

whom such payments are no longer being made because the child has accumulated assets, not to exceed \$5,000, which are otherwise regarded as resources for purposes of determining eligibility for benefits under this part),

[(B) may at the option of the State also include any or all other children in foster care under the responsibility of the State, and

[(C) may at the option of the State also include any child who has not attained age 21 to whom foster care maintenance payments were previously made by a State under this part and whose payments were discontinued on or after the date such child attained age 16, and any child who previously was in foster care described in subparagraph (B) and for whom such care was discontinued on or after the date such child attained age 16; and a written transitional independent living plan of the type described in subsection (d)(6) shall be developed for such child as a part of such program.

[(b) The State agency administering or supervising the administration of the State's programs under this part shall be responsible for administering or supervising the administration of the State's programs described in subsection (a). Payment under this section shall be made to the State, and shall be used for the purpose of conducting and providing in accordance with this section (directly or under contracts with local governmental entities or private non-profit organizations) the activities and services required to carry out the program or programs involved.

[(c) In order for a State to receive payments under this section for any fiscal year, the State agency must submit to the Secretary, in such manner and form as the Secretary may prescribe, a description of the program together with satisfactory assurances that the program will be operated in an effective and efficient manner and will otherwise meet the requirements of this section. In the case of payments for fiscal year 1987, such description and assurances must be submitted within 90 days after the Secretary promulgates regulations as required under subsection (i), and in the case of payments for any succeeding fiscal year, such description and assurances must be submitted prior to February 1 of such fiscal year.

[(d) In carrying out the purpose described in subsection (a), it shall be the objective of each program established under this section to help the individuals participating in such program to prepare to live independently upon leaving foster care. Such programs may include (subject to the availability of funds) programs to—

[(1) enable participants to seek a high school diploma or its equivalent or to take part in appropriate vocational training;

[(2) provide training in daily living skills, budgeting, locating and maintaining housing, and career planning;

[(3) provide for individual and group counseling;

[(4) integrate and coordinate services otherwise available to participants;

[(5) provide for the establishment of outreach programs designed to attract individuals who are eligible to participate in the program;

[(6) provide each participant a written transitional independent living plan which shall be based on an assessment of his needs, and which shall be incorporated into his case plan, as described in section 475(1); and

[(7) provide participants with other services and assistance designed to improve their transition to independent living.

[(e)(1)(A) The basic amount to which a State shall be entitled under section 474(a)(4) for fiscal year 1987 and any succeeding fiscal year shall be an amount which bears the same ratio to the basic ceiling for such fiscal year as such State's average number of children receiving foster care maintenance payments under this part in fiscal year 1984 bears to the total of the average number of children receiving such payments under this part for all States for fiscal year 1984.

[(B) The maximum additional amount to which a State shall be entitled under section 474(a)(4) for fiscal year 1991 and any succeeding fiscal year shall be an amount which bears the same ratio to the additional ceiling for such fiscal year as the basic amount of such State bears to \$45,000,000.

[(C) As used in this section:

[(i) The term "basic ceiling" means—

[(I) for fiscal year 1990, \$50,000,000; and

[(II) for each fiscal year other than fiscal year 1990, \$45,000,000.

[(ii) The term "additional ceiling" means—

[(I) for fiscal year 1991, \$15,000,000; and

[(II) for any succeeding fiscal year, \$25,000,000.

[(2) If any State does not apply for funds under this section for any fiscal year within the time provided in subsection (c), the funds to which such State would have been entitled for such fiscal year shall be reallocated to one or more other States on the basis of their relative need for additional payments under this section (as determined by the Secretary).

[(3) Any amounts payable to States under this section shall be in addition to amounts payable to States under subsections (a)(1), (a)(2), and (a)(3) of section 474, and shall supplement and not replace any other funds which may be available for the same general purposes in the localities involved. Amounts payable under this section may not be used for the provision of room or board.

[(f) Payments made to a State under this section for any fiscal year—

[(1) shall be used only for the specific purposes described in this section;

[(2) may be made on an estimated basis in advance of the determination of the exact amount, with appropriate subsequent adjustments to take account of any error in the estimates; and

[(3) shall be expended by such State in such fiscal year or in the succeeding fiscal year.

Notwithstanding paragraph (3), payments made to a State under this section for the fiscal year 1987 and unobligated may be expended by such State in the fiscal year 1989.

[(g)(1) Not later than the first January 1 following the end of each fiscal year, each State shall submit to the Secretary a report

on the programs carried out during such fiscal year with the amounts received under this section. Such report—

[(A) shall be in such form and contain such information as may be necessary to provide an accurate description of such activities, to provide a complete record of the purposes for which the funds were spent, and to indicate the extent to which the expenditure of such funds succeeded in accomplishing the purpose described in subsection (a); and

[(B) shall specifically contain such information as the Secretary may require in order to carry out the evaluation under paragraph (2).

[(2)(A) Not later than July 1, 1988, the Secretary shall submit an interim report on the activities carried out under this section.

[(B) Not later than March 1, 1989, the Secretary, on the basis of the reports submitted by States under paragraph (1) for the fiscal years 1987 and 1988, and on the basis of such additional information as the Secretary may obtain or develop, shall evaluate the use by States of the payments made available under this section for such fiscal year with respect to the purpose of this section, with the objective of appraising the achievements of the programs for which such payments were made available, and developing comprehensive information and data on the basis of which decisions can be made with respect to the improvement of such programs and the necessity for providing further payments in subsequent years. The Secretary shall report such evaluation to the Congress. As a part of such evaluation, the Secretary shall include, at a minimum, a detailed overall description of the number and characteristics of the individuals served by the programs, the various kinds of activities conducted and services provided and the results achieved, and shall set forth in detail findings and comments with respect to the various State programs and a statement of plans and recommendations for the future.

[(h) Notwithstanding any other provision of this title, payments made and services provided to participants in a program under this section, as a direct consequence of their participation in such program, shall not be considered as income or resources for purposes of determining eligibility (or the eligibility of any other persons) for aid under the State's plan approved under section 402 or 471, or for purposes of determining the level of such aid.

[(i) The Secretary shall promulgate final regulations for implementing this section within 60 days after the date of the enactment of this section.]

**SEC. 477. INDEPENDENT LIVING PROGRAM.**

(a) *PURPOSE.*—*The purpose of this section is to provide States with flexible funding that will enable programs to be designed and conducted—*

*(1) to identify children who are likely to remain in foster care until 18 years of age and to design programs that help these children make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention,*

and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);

(2) to help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;

(3) to help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;

(4) to provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults; and

(5) to provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

(b) APPLICATIONS.—

(1) IN GENERAL.—A State may apply for funds from its allotment under subsection (c) for a period of 5 consecutive fiscal years by submitting to the Secretary, in writing, a plan that meets the requirements of paragraph (2) and the certifications required by paragraph (3) with respect to the plan.

(2) STATE PLAN.—A plan meets the requirements of this paragraph if the plan specifies which State agency or agencies will administer, supervise, or oversee the programs carried out under the plan, and describes how the State intends to do the following:

(A) Design and deliver programs to achieve the purposes of this section.

(B) Ensure that all political subdivisions in the State are served by the program, though not necessarily in a uniform manner.

(C) Ensure that the programs serve children of various ages and at various stages of achieving independence.

(D) Involve the public and private sectors in helping adolescents in foster care achieve independence.

(E) Use objective criteria for determining eligibility for benefits and services under the programs, and for ensuring fair and equitable treatment of benefit recipients.

(F) Cooperate in national evaluations of the effects of the programs in achieving the purposes of this section.

(3) CERTIFICATIONS.—The certifications required by this paragraph with respect to a plan are the following:

(A) A certification by the chief executive officer of the State that the State will provide assistance and services to children who have left foster care but have not attained 21 years of age.

(B) A certification by the chief executive officer of the State that not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children

who have left foster care and have attained 18 years of age but not 21 years of age.

(C) A certification by the chief executive officer of the State that none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.

(D) A certification by the chief executive officer of the State that the State will use training funds provided under the program of Federal payments for foster care and adoption assistance to provide training to help foster parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.

(E) A certification by the chief executive officer of the State that the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.

(F) A certification by the chief executive officer of the State that the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.

(G) A certification by the chief executive officer of the State that each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.

(H) A certification by the chief executive officer of the State that the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.

(I) A certification by the chief executive officer of the State that the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

(4) APPROVAL.—The Secretary shall approve an application submitted by a State pursuant to paragraph (1) for a period if—

(A) the application is submitted on or before June 30 of the calendar year in which such period begins; and

(B) the Secretary finds that the application contains the material required by paragraph (1).

(5) **AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS; NOTIFICATION.**—A State with an application approved under paragraph (4) may implement any amendment to the plan contained in the application if the application, incorporating the amendment, would be approvable under paragraph (4). Within 30 days after a State implements any such amendment, the State shall notify the Secretary of the amendment.

(6) **AVAILABILITY.**—The State shall make available to the public any application submitted by the State pursuant to paragraph (1), and a brief summary of the plan contained in the application.

(c) **ALLOTMENTS TO STATES.**—

(1) **IN GENERAL.**—From the amount specified in subsection (h) that remains after applying subsection (g)(2) for a fiscal year, the Secretary shall allot to each State with an application approved under subsection (b) for the fiscal year the amount which bears the same ratio to such remaining amount as the number of children in foster care under a program of the State in the most recent fiscal year for which such information is available bears to the total number of children in foster care in all States for such most recent fiscal year.

(2) **HOLD HARMLESS PROVISION.**—The Secretary shall ratably reduce the allotments made to States pursuant to paragraph (1) for a fiscal year to the extent necessary to ensure that the amount allotted to each State under paragraph (1) and this paragraph for the fiscal year is not less than the amount payable to the State under this section (as in effect before the enactment of the Foster Care Independence Act of 1999) for fiscal year 1998.

(3) **REALLOTMENT OF UNUSED FUNDS.**—The Secretary shall use the formula provided in paragraph (1) of this subsection to reallocate among the States with applications approved under subsection (b) for a fiscal year any amount allotted to a State under this subsection for the preceding year that is not payable to the State for the preceding year.

(d) **USE OF FUNDS.**—

(1) **IN GENERAL.**—A State to which an amount is paid from its allotment under subsection (c) may use the amount in any manner that is reasonably calculated to accomplish the purposes of this section.

(2) **NO SUPPLANTATION OF OTHER FUNDS AVAILABLE FOR SAME GENERAL PURPOSES.**—The amounts paid to a State from its allotment under subsection (c) shall be used to supplement and not supplant any other funds which are available for the same general purposes in the State.

(e) **PENALTIES.**—

(1) **USE OF GRANT IN VIOLATION OF THIS PART.**—If the Secretary is made aware, by an audit conducted under chapter 75 of title 31, United States Code, or by any other means, that a program receiving funds from an allotment made to a State under subsection (c) has been operated in a manner that is inconsistent with, or not disclosed in the State application ap-

proved under subsection (b), the Secretary shall assess a penalty against the State in an amount equal to not less than 1 percent and not more than 5 percent of the amount of the allotment.

(2) *FAILURE TO COMPLY WITH DATA REPORTING REQUIREMENT.*—The Secretary shall assess a penalty against a State that fails during a fiscal year to comply with an information collection plan implemented under subsection (f) in an amount equal to not less than 1 percent and not more than 5 percent of the amount allotted to the State for the fiscal year.

(3) *PENALTIES BASED ON DEGREE OF NONCOMPLIANCE.*—The Secretary shall assess penalties under this subsection based on the degree of noncompliance.

(f) *DATA COLLECTION AND PERFORMANCE MEASUREMENT.*—

(1) *IN GENERAL.*—The Secretary, in consultation with State and local public officials responsible for administering independent living and other child welfare programs, child welfare advocates, members of Congress, youth service providers, and researchers, shall—

(A) develop outcome measures (including measures of educational attainment, employment, avoidance of dependency, homelessness, nonmarital childbirth, and high-risk behaviors) that can be used to assess the performance of States in operating independent living programs;

(B) identify data elements needed to track—

(i) the number and characteristics of children receiving services under this section;

(ii) the type and quantity of services being provided; and

(iii) State performance on the outcome measures; and

(C) develop and implement a plan to collect the needed information beginning with the 2nd fiscal year beginning after the date of the enactment of this section.

(2) *REPORT TO THE CONGRESS.*—Within 12 months after the date of the enactment of this section, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the plans and timetable for collecting from the States the information described in paragraph (1).

(g) *EVALUATIONS.*—

(1) *IN GENERAL.*—The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of any such program shall include information on the effects of the program on education, employment, and personal development. To the maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.

(2) *FUNDING OF EVALUATIONS.*—The Secretary shall reserve 1.5 percent of the amount specified in subsection (h) for a fiscal year to carry out, during the fiscal year, evaluation, technical assistance, performance measurement, and data collection ac-

*tivities related to this section, directly or through grants, contracts, or cooperative agreements with appropriate entities.*

*(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section and for payments to States under section 474(a)(4), there are authorized to be appropriated to the Secretary \$140,000,000 for each fiscal year.*

\* \* \* \* \*

TITLE VII—ADMINISTRATION

\* \* \* \* \*

SEC. 704. (a)(1)

\* \* \*

\* \* \* \* \*

Budgetary Matters

*(b)(1)(A) The Commissioner shall prepare an annual budget for the Administration, which shall be submitted by the President to the Congress without revision, together with the President's annual budget for the Administration.*

*(B) The Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) an itemization of the amount of funds required by the Social Security Administration for the fiscal year covered by the budget to support efforts to combat fraud committed by applicants and beneficiaries.*

\* \* \* \* \*

TITLE XI—GENERAL PROVISIONS, PEER REVIEW, AND ADMINISTRATIVE SIMPLIFICATION

\* \* \* \* \*

SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.

*(a) IN GENERAL.—Any person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to or the amount of—*

- (1) monthly insurance benefits under title II; or*
- (2) benefits or payments under title XVI,*

*that the person knows or should know is false or misleading or knows or should know omits a material fact or makes such a statement with knowing disregard for the truth shall be subject to, in addition to any other penalties that may be prescribed by law, a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.*

*(b) PENALTY.—The penalty described in this subsection is—*

- (1) nonpayment of benefits under title II that would otherwise be payable to the person; and*
- (2) ineligibility for cash benefits under title XVI,*

*for each month that begins during the applicable period described in subsection (c).*

*(c) DURATION OF PENALTY.—The duration of the applicable period, with respect to a determination by the Commissioner under subsection (a) that a person has engaged in conduct described in subsection (a), shall be—*

- (1) 6 consecutive months, in the case of a first such determination with respect to the person;
- (2) 12 consecutive months, in the case of a second such determination with respect to the person; and
- (3) 24 consecutive months, in the case of a third or subsequent such determination with respect to the person.

(d) *EFFECT ON OTHER ASSISTANCE.*—A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of—

- (1) determination of the eligibility of the person for benefits under titles XVIII and XIX; and
- (2) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

(e) *DEFINITION.*—In this section, the term “benefits under title XVI” includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

(f) *CONSULTATIONS.*—The Commissioner of Social Security shall consult with the Inspector General of the Social Security Administration regarding initiating actions under this section.

\* \* \* \* \*

INCOME AND ELIGIBILITY VERIFICATION SYSTEM

SEC. 1137. (a) In order to meet the requirements of this section, a State must have in effect an income and eligibility verification system which meets the requirements of subsection (d) and under which—

- (1) \* \* \*

\* \* \* \* \*

(3) employers (including State and local governmental entities and labor organizations (as defined in section [453A(a)(2)(B)(iii)] 453A(a)(2)(B)(ii))) in such State are required, effective September 30, 1988, to make quarterly wage reports to a State agency (which may be the agency administering the State’s unemployment compensation law) except that the Secretary of Labor (in consultation with the Secretary of Health and Human Services and the Secretary of Agriculture) may waive the provisions of this paragraph if he determines that the State has in effect an alternative system which is as effective and timely for purposes of providing employment related income and eligibility data for the purposes described in paragraph (2), and except that no report shall be filed with respect to an employee of a State or local agency performing intelligence or counterintelligence functions, if the head of such agency has determined that filing such a report could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission;

\* \* \* \* \*

**EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS**

**SEC. 1148. (a) IN GENERAL.**—The Commissioner of Social Security shall exclude from participation in the social security programs any representative or health care provider—

(1) who is convicted of a violation of section 208 or 1632 of this Act,

(2) who is convicted of any violation under title 18, United States Code, relating to an initial application for or continuing entitlement to, or amount of, benefits under title II of this Act, or an initial application for or continuing eligibility for, or amount of, benefits under title XVI of this Act, or

(3) who the Commissioner determines has committed an offense described in section 1129(a)(1) of this Act.

(b) **NOTICE, EFFECTIVE DATE, AND PERIOD OF EXCLUSION.**—(1) An exclusion under this section shall be effective at such time, for such period, and upon such reasonable notice to the public and to the individual excluded as may be specified in regulations consistent with paragraph (2).

(2) Such an exclusion shall be effective with respect to services furnished to any individual on or after the effective date of the exclusion. Nothing in this section may be construed to preclude, in determining disability under title II or title XVI, consideration of any medical evidence derived from services provided by a health care provider before the effective date of the exclusion of the health care provider under this section.

(3)(A) The Commissioner shall specify, in the notice of exclusion under paragraph (1), the period of the exclusion.

(B) Subject to subparagraph (C), in the case of an exclusion under subsection (a), the minimum period of exclusion shall be five years, except that the Commissioner may waive the exclusion in the case of an individual who is the sole source of essential services in a community. The Commissioner's decision whether to waive the exclusion shall not be reviewable.

(C) In the case of an exclusion of an individual under subsection (a) based on a conviction or a determination described in subsection (a)(3) occurring on or after the date of the enactment of this section, if the individual has (before, on, or after such date of enactment) been convicted, or if such a determination has been made with respect to the individual—

(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years, or

(ii) on 2 or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.

(c) **NOTICE TO STATE AGENCIES.**—The Commissioner shall promptly notify each appropriate State agency employed for the purpose of making disability determinations under section 221 or 1633(a)—

(1) of the fact and circumstances of each exclusion effected against an individual under this section, and

(2) of the period (described in subsection (b)(3)) for which the State agency is directed to exclude the individual from participation in the activities of the State agency in the course of its employment.

(d) NOTICE TO STATE LICENSING AGENCIES.—The Commissioner shall—

(1) promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of an individual excluded from participation under this section of the fact and circumstances of the exclusion,

(2) request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy, and

(3) request that the State or local agency or authority keep the Commissioner and the Inspector General of the Social Security Administration fully and currently informed with respect to any actions taken in response to the request.

(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—(1) Any individual who is excluded (or directed to be excluded) from participation under this section is entitled to reasonable notice and opportunity for a hearing thereon by the Commissioner to the same extent as is provided in section 205(b), and to judicial review of the Commissioner's final decision after such hearing as is provided in section 205(g).

(2) The provisions of section 205(h) shall apply with respect to this section to the same extent as it is applicable with respect to title II.

(f) APPLICATION FOR TERMINATION OF EXCLUSION.—(1) An individual excluded from participation under this section may apply to the Commissioner, in the manner specified by the Commissioner in regulations and at the end of the minimum period of exclusion provided under subsection (b)(3) and at such other times as the Commissioner may provide, for termination of the exclusion effected under this section.

(2) The Commissioner may terminate the exclusion if the Commissioner determines, on the basis of the conduct of the applicant which occurred after the date of the notice of exclusion or which was unknown to the Commissioner at the time of the exclusion, that—

(A) there is no basis under subsection (a) for a continuation of the exclusion, and

(B) there are reasonable assurances that the types of actions which formed the basis for the original exclusion have not recurred and will not recur.

(3) The Commissioner shall promptly notify each State agency employed for the purpose of making disability determinations under section 221 or 1633(a) of the fact and circumstances of each termination of exclusion made under this subsection.

(g) AVAILABILITY OF RECORDS OF EXCLUDED REPRESENTATIVES AND HEALTH CARE PROVIDERS.—Nothing in this section shall be construed to have the effect of limiting access by any applicant or beneficiary under title II or XVI, any State agency acting under section 221 or 1633(a), or the Commissioner to records maintained by any representative or health care provider in connection with serv-

ices provided to the applicant or beneficiary prior to the exclusion of such representative or health care provider under this section.

(h) **REPORTING REQUIREMENT.**—Any representative or health care provider participating in, or seeking to participate in, a social security program shall inform the Commissioner, in such form and manner as the Commissioner shall prescribe by regulation, whether such representative or health care provider has been convicted of a violation described in subsection (a).

(i) **DELEGATION OF AUTHORITY.**—The Commissioner may delegate authority granted by this section to the Inspector General.

(j) **DEFINITIONS.**—For purposes of this section:

(1) **EXCLUDE.**—The term “exclude” from participation means—

(A) in connection with a representative, to prohibit from engaging in representation of an applicant for, or recipient of, benefits, as a representative payee under section 205(j) or 1631(a)(2)(A)(ii), or otherwise as a representative, in any hearing or other proceeding relating to entitlement to benefits, and

(B) in connection with a health care provider, to prohibit from providing items or services to an applicant for, or recipient of, benefits for the purpose of assisting such applicant or recipient in demonstrating disability.

(2) **SOCIAL SECURITY PROGRAM.**—The term “social security program” means the program providing for monthly insurance benefits under title II, and the program providing for monthly supplemental security income benefits to individuals under title XVI (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93–66).

(3) **CONVICTED.**—An individual is considered to have been “convicted” of a violation—

(A) when a judgment of conviction has been entered against the individual by a Federal, State, or local court, except if the judgment of conviction has been set aside or expunged;

(B) when there has been a finding of guilt against the individual by a Federal, State, or local court;

(C) when a plea of guilty or nolo contendere by the individual has been accepted by a Federal, State, or local court; or

(D) when the individual has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.

\* \* \* \* \*

TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

\* \* \* \* \*

PART A—DETERMINATION OF BENEFITS  
ELIGIBILITY FOR AND AMOUNT OF BENEFITS

Definition of Eligible Individual

SEC. 1611. (a) \* \* \*

\* \* \* \* \*

(e)(1)(A) \* \* \*

\* \* \* \* \*

(G) A person may be an eligible individual or eligible spouse for purposes of this title, and subparagraphs (A) and (B) shall not apply, with respect to any particular month throughout which he or she is an inmate of a public institution the primary purpose of which is the provision of medical or psychiatric care, or is in a medical treatment facility receiving payments (with respect to such individual or spouse) under a State plan approved under title XIX or, in the case of an individual who is a child under the age of 18, under any health insurance policy issued by a private provider of such insurance, if it is determined in accordance with subparagraph (H) or (K) that—

(i) \* \* \*

\* \* \* \* \*

(I)(i) \* \* \*

(ii)(I) \* \* \*

\* \* \* \* \*

(II) The Commissioner [is authorized to] shall provide, on a reimbursable basis, information obtained pursuant to agreements entered into under clause (i) to any Federal or federally-assisted cash, food, or medical assistance program for eligibility purposes.

\* \* \* \* \*

(J)(i) *A person shall not be considered an eligible individual or eligible spouse for purposes of benefits under this title by reason of disability, during the 10-year period that begins on the date the person—*

*(I) knowingly fails to timely notify the Commissioner of Social Security, in an application for benefits under this title, of any prior receipt by the person of a benefit under this title or title II in a month in which payment to the person of a benefit under this title was prohibited by—*

*(aa) the preceding provisions of this paragraph by reason of confinement of a type described in clause (i) or (ii) of section 202(x)(1)(A); or*

*(bb) section 1611(e)(4); or*

*(II) knowingly fails to comply with any schedule imposed by the Commissioner which is for repayment of overpayments comprised of payments described in clause (i) of this subparagraph and which is in compliance with section 1631(b).*

*(ii) The Commissioner of Social Security shall, in addition to any other relevant factors, take into account any mental or linguistic limitations of a person (including any lack of facility with the English language) in determining whether the person has know-*

ingly failed to comply with a requirement of subclause (I) or (II) of clause (i).

(K) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary of Health and Human Services under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician's certification otherwise required under subparagraph (G)(i).

[(4)(A) No person shall be considered an eligible individual or eligible spouse for purposes of this title during the 10-year period that begins on the date the person is convicted in Federal or State court of having made a fraudulent statement or representation with respect to the place of residence of the person in order to receive assistance simultaneously from 2 or more States under programs that are funded under title IV, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under this title.

[(B) As soon as practicable after the conviction of a person in a Federal or State court as described in subparagraph (A), an official of such court shall notify the Commissioner of such conviction.]

[(5)] (4) No person shall be considered an eligible individual or eligible spouse for purposes of this title with respect to any month if during such month the person is—

(A) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

(B) violating a condition of probation or parole imposed under Federal or State law.

[(6)] (5) Notwithstanding any other provision of law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any recipient of benefits under this title, if the officer furnishes the Commissioner with the name of the recipient, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the recipient, and notifies the Commissioner that—

(A) the recipient—

(i) is described in subparagraph (A) or (B) of paragraph [(5)] (4); and

(ii) has information that is necessary for the officer to conduct the officer's official duties; and

(B) the location or apprehension of the recipient is within the officer's official duties.

\* \* \* \* \*

INCOME

Meaning of Income

SEC. 1612. (a) For purposes of this title, income means both earned income and unearned income; and—

(1) \* \* \*

(2) unearned income means all other income, including—

(A) \* \* \*

\* \* \* \* \*

(E) support and alimony payments, and (subject to the provisions of subparagraph (D) excluding certain amounts expended for purposes of a last illness and burial) gifts (cash or otherwise) and inheritances; [and]

(F) rents, dividends, interest, and royalties not described in paragraph (1)(E)[.]; and

(G) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual.

\* \* \* \* \*

RESOURCES

Exclusions From Resources

SEC. 1613. (a) \* \* \*

\* \* \* \* \*

[Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on] Disposal of Resources for Less Than Fair Market Value

(c)(1)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

(iii) The date described in this clause is the first day of the first month in or after which resources were disposed of for less than fair market value and which does not occur in any other period of ineligibility under this paragraph.

(iv) The number of months calculated under this clause shall be equal to—

(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

(II) the amount of the maximum monthly benefit payable under section 1611(b), plus the amount (if any) of the maximum State supplementary payment corresponding to the State's payment level applicable to the individual's living arrangement and eligibility category that would otherwise be payable to the individual by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66, for the month in which occurs the date described in clause (ii)(II),

rounded, in the case of any fraction, to the nearest whole number, but shall not in any case exceed 36 months.

(B)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

(ii) In the case of a trust established by an individual or an individual's spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

(I) there is made a payment other than to or for the benefit of the individual; or

(II) no payment could under any circumstance be made to the individual,

then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual's spouse as of the date of the payment or foreclosure, as the case may be.

(C) An individual shall not be ineligible for benefits under this title by reason of the application of this paragraph to a disposal of resources by the individual or the spouse of the individual, to the extent that—

(i) the resources are a home and title to the home was transferred to—

(I) the spouse of the transferor;

(II) a child of the transferor who has not attained 21 years of age, or is blind or disabled;

(III) a sibling of the transferor who has an equity interest in such home and who was residing in the transferor's home for a period of at least 1 year immediately before the date the transferor becomes an institutionalized individual; or

(IV) a son or daughter of the transferor (other than a child described in subclause (II)) who was residing in the transferor's home for a period of at least 2 years immediately before the date the transferor becomes an institutionalized individual, and who provided care to the trans-

feror which permitted the transferor to reside at home rather than in such an institution or facility;

(ii) the resources—

(I) were transferred to the transferor's spouse or to another for the sole benefit of the transferor's spouse;

(II) were transferred from the transferor's spouse to another for the sole benefit of the transferor's spouse;

(III) were transferred to, or to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of, the transferor's child who is blind or disabled;

or

(IV) were transferred to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of an individual who has not attained 65 years of age and who is disabled;

(iii) a satisfactory showing is made to the Commissioner of Social Security (in accordance with regulations promulgated by the Commissioner) that—

(I) the individual who disposed of the resources intended to dispose of the resources either at fair market value, or for other valuable consideration;

(II) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

(III) all resources transferred for less than fair market value have been returned to the transferor; or

(iv) the Commissioner determines, under procedures established by the Commissioner, that the denial of eligibility would work an undue hardship as determined on the basis of criteria established by the Commissioner.

(D) For purposes of this subsection, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by the individual when any action is taken, either by the individual or by any other person, that reduces or eliminates the individual's ownership or control of such resource.

(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual's spouse if the spouse becomes eligible for benefits under this title.

(F) For purposes of this paragraph—

(i) the term "benefits under this title" includes payments of the type described in section 1616(a) of this Act and of the type described in section 212(b) of Public Law 93-66;

(ii) the term "institutionalized individual" has the meaning given such term in section 1917(e)(3); and

(iii) the term "trust" has the meaning given such term in subsection (e)(6)(A) of this section.

[(c)(1)] (2)(A) At the time an individual (and the individual's eligible spouse, if any) applies for benefits under this title, and at the time the eligibility of an individual (and such spouse, if any) for such benefits is redetermined, the Commissioner of Social Security shall—

[(A)] (i) inform such individual of the provisions of *paragraph (1) and section 1917(c)* providing for a period of ineligibility for benefits under [title XIX] *this title and title XIX, respectively*, for individuals who make certain dispositions of resources for less than fair market value, and inform such individual that information obtained pursuant to [subparagraph (B)] *clause (ii)* will be made available to the State agency administering a State plan under title XIX (as provided in [paragraph (2)] *subparagraph (B)*); and

[(B)] (ii) obtain from such individual information which may be used [by the State agency] in determining whether or not a period of ineligibility for such benefits would be required by reason of [section 1917(c) if such individual (or such spouse, if any) enters a medical institution or nursing facility.] *paragraph (1) or section 1917(c)*.

[(2)] (B) The Commissioner of Social Security shall make the information obtained under [paragraph (1)(B)] *subparagraph (A)(ii)* available, on request, to any State agency administering a State plan approved under title XIX.

\* \* \* \* \*

#### *Trusts*

(e)(1) *In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual.*

(2)(A) *For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual's spouse) are transferred to the trust other than by will.*

(B) *In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual's spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual's spouse).*

(C) *This subsection shall apply to a trust without regard to—*

(i) *the purposes for which the trust is established;*

(ii) *whether the trustees have or exercise any discretion under the trust;*

(iii) *any restrictions on when or whether distributions may be made from the trust; or*

(iv) *any restrictions on the use of distributions from the trust.*

(3)(A) *In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.*

(B) *In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual or the individual's spouse, the portion of the corpus from which payment to or for the benefit of the individual or the individual's spouse could be made shall be considered a resource available to the individual.*

(4) *The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commis-*

sioner determines that such application would work an undue hardship (as determined on the basis of criteria established by the Commissioner) on the individual.

(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

(6) For purposes of this subsection—

(A) the term “trust” includes any legal instrument or device that is similar to a trust;

(B) the term “corpus” means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

(C) the term “asset” includes any income or resource of the individual or of the individual’s spouse, including—

(i) any income excluded by section 1612(b);

(ii) any resource otherwise excluded by this section; and

(iii) any other payment or property to which the individual or the individual’s spouse is entitled but does not receive or have access to because of action by—

(I) the individual or spouse;

(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse.

\* \* \* \* \*

PART B—PROCEDURAL AND GENERAL PROVISIONS

PAYMENTS AND PROCEDURES

Payment of Benefits

SEC. 1631. (a) \* \* \*

Overpayments and Underpayments

(b)(1)(A) Whenever the Commissioner of Social Security finds that more or less than the correct amount of benefits has been paid with respect to any individual, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to such individual or by recovery from such individual or his eligible spouse (or from the estate of either) or by payment to such individual or his eligible spouse, or, if such individual is deceased, by payment—

(i) \* \* \*

\* \* \* \* \*

*The Commissioner shall not refrain from recovering overpayments from resources currently available to any individual solely because the individual is confined as described in clause (i) or (ii) of section 202(x)(1)(A).*

(B) The Commissioner of Social Security (i) shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to an individual with a view to avoiding penalizing such individual or his eligible spouse who was without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity and good conscience, or (because of the small amount involved) impede efficient or effective administration of this title, *unless (I) section 1611(e)(1) prohibits payment to the person of a benefit under this title for the month by reason of confinement of a type described in clause (i) or (ii) of section 202(x)(1)(A), or (II) section 1611(e)(5) prohibits payment to the person of a benefit under this title for the month, and (ii) shall in any event make the adjustment or recovery (in the case of payment of more than the correct amount of benefits), in the case of an individual or eligible spouse receiving monthly benefit payments under this title (including supplementary payments of the type described in section 1616(a) and payments pursuant to an agreement entered into under section 212(a) of Public Law 93-66), in amounts which in the aggregate do not exceed (for any month) the lesser of (I) the amount of his or their benefit under this title for that month or (II) an amount equal to 10 percent of his or their income for that month (including such benefit but excluding any other income excluded pursuant to section 1612(b)), and in the case of an individual or eligible spouse to whom a lump sum is payable under this title (including under section 1616(a) of this Act or under an agreement entered into under section 212(a) of Public Law 93-66) shall, as at least one means of recovering such overpayment, make the adjustment or recovery from the lump sum payment in an amount equal to not less than the lesser of the amount of the overpayment or 50 percent of the lump sum payment, unless fraud, willful misrepresentation, or concealment of material information was involved on the part of the individual or spouse in connection with the overpayment, or unless the individual requests that such adjustment or recovery be made at a higher or lower rate and the Commissioner of Social Security determines that adjustment or recovery at such rate is justified and appropriate. The availability (in the case of an individual who has been paid more than the correct amount of benefits) of procedures for adjustment or recovery at a limited rate under clause (ii) of the preceding sentence shall not, in and of itself, prevent or restrict the provision (in such case) of more substantial relief under clause (i) of such sentence.*

(2) Notwithstanding any other provision of this section, when any payment of more than the correct amount is made to or on behalf of an individual who has died, and such payment—

(A) \* \* \*

\* \* \* \* \*

the amount of such payment in excess of the correct amount shall be treated as a payment of more than the correct amount to such other person. *If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual's death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Se-*

curity shall establish an overpayment control record under the social security account number of the representative payee.

(4)(A) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, all as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

(B) For purposes of subparagraph (A), the term "delinquent amount" means an amount—

- (i) in excess of the correct amount of payment under this title;
- (ii) paid to a person after such person has attained 18 years of age; and
- (iii) determined by the Commissioner of Social Security, under regulations, to be otherwise unrecoverable under this section after such person ceases to be a beneficiary under this title.

[(4)] (5) For payments for which adjustments are made by reason of a retroactive payment of benefits under title II, see section 1127.

[(5)] (6) For provisions relating to the recovery of benefits incorrectly paid under this title from benefits payable under title II, see section 1147.

\* \* \* \* \*

#### Applications and Furnishing of Information

(e)(1)(A) \* \* \*

(B)(i) The requirements prescribed by the Commissioner of Social Security pursuant to subparagraph (A) shall require that eligibility for benefits under this title will not be determined solely on the basis of declarations by the applicant concerning eligibility factors or other relevant facts, and that relevant information will be verified from independent or collateral sources and additional information obtained as necessary in order to assure that such benefits are only provided to eligible individuals (or eligible spouses) and that the amounts of such benefits are correct. For this purpose and for purposes of federally administered supplementary payments of the type described in section 1616(a) of this Act (including payments pursuant to an agreement entered into under section 212(a) of Public Law 93-66), the Commissioner of Social Security shall, as may be necessary, request and utilize information available pursuant to section 6103(l)(7) of the Internal Revenue Code of 1954, and any information which may be available from State systems under section 1137 of this Act, and shall comply with the requirements applicable to States (with respect to information available pursuant to section 6103(l)(7)(B) of such Code) under subsections (a)(6) and (c) of such section 1137.

(ii)(I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from

any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

(II) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subclause (I) of this clause shall remain effective until the earliest of—

(aa) the rendering of a final adverse decision on the applicant's application for eligibility for benefits under this title;

(bb) the cessation of the recipient's eligibility for benefits under this title; or

(cc) the express revocation by the applicant or recipient (or such other person referred to in subclause (I)) of the authorization, in a written notification to the Commissioner.

(III)(aa) An authorization obtained by the Commissioner of Social Security pursuant to this clause shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

(bb) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this clause.

(cc) A request by the Commissioner pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title.

\* \* \* \* \*

#### TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

\* \* \* \* \*

##### STATE PLANS FOR MEDICAL ASSISTANCE

SEC. 1902. (a) A State plan for medical assistance must—

(1) \* \* \*

\* \* \* \* \*

(10) provide—

(A) for making medical assistance available, including at least the care and services listed in paragraphs (1) through (5), (17) and (21) of section 1905(a), to—

(i) \* \* \*

(ii) at the option of the State, to any group or groups of individuals described in section 1905(a) (or, in the case of individuals described in section 1905(a)(i), to any reasonable categories of such individuals) who are not individuals described in clause (i) of this subparagraph but—

(I) \* \* \*

\* \* \* \* \*

(XIII) who are in families whose income is less than 250 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved, and who but for earnings in excess of the limit established under section 1905(q)(2)(B), would be considered to be receiving supplemental security income (subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine); [or]

(XIV) who are optional targeted low-income children described in section 1905(u)(2)(C)[;] or

(XV) who are independent foster care adolescents (as defined in (section 1905(v)(1)), or who are within any reasonable categories of such adolescents specified by the State;

\* \* \* \* \*

DEFINITIONS

SEC. 1905. For purposes of this title—

(a) \* \* \*

\* \* \* \* \*

(v)(1) For purposes of this title, the term "independent foster care adolescent" means an individual—

(A) who is under 21 years of age;

(B) who, on the individual's 18th birthday, was in foster care under the responsibility of a State; and

(C) whose assets, resources, and income do not exceed such levels (if any) as the State may establish consistent with paragraph (2).

(2) The levels established by a State under paragraph (1)(C) may not be less than the corresponding levels applied by the State under section 1931(b).

*(3) A State may limit the eligibility of independent foster care adolescents under section 1902(a)(10)(A)(ii)(XV) to those individuals with respect to whom foster care maintenance payments or independent living services were furnished under a program funded under part E of title IV before the date the individuals attained 18 years of age.*

\* \* \* \* \*

**SECTION 3701 OF TITLE 31, UNITED STATES CODE**

**§ 3701. Definitions and application**

(a) \* \* \*

\* \* \* \* \*

(d) Sections 3711(e) and 3716–3719 of this title do not apply to a claim or debt under, or to an amount payable under—

(1) \* \* \*

(2) the Social Security Act (42 U.S.C. 301 et seq.), except to the extent provided under [section 204(f)] *sections 204(f) and 1631(b)(4)* of such Act and section 3716(c) of this title, or

\* \* \* \* \*

**SECTION 344 OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996**

**SEC. 344. AUTOMATED DATA PROCESSING REQUIREMENTS.**

(a) \* \* \*

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

[(A) in paragraph (1)(B)—

[(i) by striking “90 percent” and inserting “the percent specified in paragraph (3)”;

[(ii) by striking “so much of”; and

[(iii) by striking “which the Secretary” and all that follows and inserting “, and”; and]

(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

“(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and”;

\* \* \* \* \*



## House Calendar No. 75

106TH CONGRESS  
1ST SESSION

# H. RES. 221

[Report No. 106-199]

Providing for consideration of the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1999

Ms. PRYCE of Ohio, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

Providing for consideration of the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

1       *Resolved*, That at any time after the adoption of this  
2 resolution the Speaker may, pursuant to clause 2(b) of  
3 rule XVIII, declare the House resolved into the Committee

1 of the Whole House on the state of the Union for consider-  
2 ation of the bill (H.R. 1802) to amend part E of title IV  
3 of the Social Security Act to provide States with more  
4 funding and greater flexibility in carrying out programs  
5 designed to help children make the transition from foster  
6 care to self-sufficiency, and for other purposes. The first  
7 reading of the bill shall be dispensed with. Points of order  
8 against consideration of the bill for failure to comply with  
9 section 401(b) of the Congressional Budget Act of 1974  
10 are waived. General debate shall be confined to the bill  
11 and shall not exceed 80 minutes, with 60 minutes equally  
12 divided and controlled by the chairman and ranking mi-  
13 nority member of the Committee on Ways and Means and  
14 20 minutes equally divided and controlled by the chairman  
15 and ranking minority member of the Committee on Com-  
16 merce. After general debate the bill shall be considered  
17 for amendment under the five-minute rule. It shall be in  
18 order to consider as an original bill for the purpose of  
19 amendment under the five-minute rule the amendment in  
20 the nature of a substitute recommended by the Committee  
21 on Ways and Means. The committee amendment in the  
22 nature of a substitute shall be considered as read. Points  
23 of order against the committee amendment in the nature  
24 of a substitute for failure to comply with section 401(b)  
25 of the Congressional Budget Act of 1974 are waived. No

1 amendment to the committee amendment in the nature  
2 of a substitute shall be in order except those printed in  
3 the report of the Committee on Rules accompanying this  
4 resolution. Each amendment may be offered only in the  
5 order printed in the report, may be offered only by a Mem-  
6 ber designated in the report, shall be considered as read,  
7 shall be debatable for the time specified in the report  
8 equally divided and controlled by the proponent and an  
9 opponent, shall not be subject to amendment, and shall  
10 not be subject to a demand for division of the question  
11 in the House or in the Committee of the Whole. All points  
12 of order against the amendments printed in the report are  
13 waived. The Chairman of the Committee of the Whole  
14 may: (1) postpone until a time during further consider-  
15 ation in the Committee of the Whole a request for a re-  
16 corded vote on any amendment; and (2) reduce to five  
17 minutes the minimum time for electronic voting on any  
18 postponed question that follows another electronic vote  
19 without intervening business, provided that the minimum  
20 time for electronic voting on the first in any series of ques-  
21 tions shall be 15 minutes. At the conclusion of consider-  
22 ation of the bill for amendment the Committee shall rise  
23 and report the bill to the House with such amendments  
24 as may have been adopted. Any Member may demand a  
25 separate vote in the House on any amendment adopted

1 in the Committee of the Whole to the bill or to the com-  
2 mittee amendment in the nature of a substitute. The pre-  
3 vious question shall be considered as ordered on the bill  
4 and amendments thereto to final passage without inter-  
5 vening motion except one motion to recommit with or  
6 without instructions.

**House Calendar No. 75**

106TH CONGRESS  
1ST SESSION

**H. RES. 221**

**[Report No. 106-199]**

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**RESOLUTION**

Providing for consideration of the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

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JUNE 24, 1999

Referred to the House Calendar and ordered to be printed

## **H. Res. 221**

### ***In the House of Representatives, U.S.,***

*June 25, 1999.*

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with section 401(b) of the Congressional Budget Act of 1974 are waived. General debate shall be confined to the bill and shall not exceed 80 minutes, with 60 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means and 20 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Commerce. After general debate the bill shall be considered

for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Ways and Means. The committee amendment in the nature of a substitute shall be considered as read. Points of order against the committee amendment in the nature of a substitute for failure to comply with section 401(b) of the Congressional Budget Act of 1974 are waived. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that fol-

lows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Attest:

*Clerk.*



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FOSTER CARE INDEPENDENCE ACT  
OF 1999

Ms. PRYCE of Ohio. Mr. Speaker, by direction of the Committee on Rules. I call up House Resolution 221 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 221

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with section 401(b) of the Congressional Budget Act of 1974 are waived. General debate shall be confined to the bill and shall not exceed 80 minutes, with 60 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means and 20 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Commerce. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Ways and Means. The committee amendment in the nature of a substitute shall be considered as read. Points of order against the committee amendment in the nature of a substitute for failure to comply with section 401(b) of the Congressional Budget Act of 1974 are waived. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on

the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. KNOLLENBERG). The gentlewoman from Ohio is recognized for 1 hour.

Ms. PRYCE of Ohio. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I might consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 221 is a structured rule providing for the consideration of H.R. 1802, the Foster Care Independence Act of 1999. The rule provides for 1 hour of general debate equally divided and controlled by the chairman and ranking member of the Committee on Ways and Means. An additional 20 minutes of debate time will be equally divided and controlled by the chairman and ranking member of the Committee on Commerce.

The rule waives clause 41(b) of the Congressional Budget Act against both the bill's consideration and the consideration of the amendment in the nature of a substitute recommended by the Committee on Ways and Means which the rule makes in order for the purpose of amendment. These waivers are required because there are provisions in both bills, in both the bill and the substitute amendment, that provide new entitlement authority. This authority will allow States to provide Medicaid coverage to adolescents leaving foster care and allow continued SSI benefits to certain Filipino veterans who fought in World War II, two worthwhile causes.

The Committee on Rules heard testimony yesterday which revealed that there is little controversy surrounding H.R. 1802; however, a few amendments were filed with the Committee on Rules which would make minor but important changes to the legislation. Of the six amendments filed, two were withdrawn, and three were made in order. One other amendment, which pertained to the Higher Education Act, was not germane to the bill.

The amendments made in order under the rule are printed in the Committee on Rules report. The amendments will be considered in the order specified by the report, if offered by the Member designated, and are debatable for the time indicated in the report.

Debate on each amendment will be equally divided between a proponent and an opponent, and the amendment shall not be subject to amendment or

to a demand for division of the question.

To assure efficient consideration of the Foster Care Independence Act, the rule allows the Chair to postpone votes and reduce voting time to 5 minutes on a postponed question as long as it follows a 15-minute vote.

Finally, the rule provides for a motion to recommit with or without instructions.

Mr. Speaker, we have a crisis in this Nation which can be seen on the faces of thousands of children who are languishing in our foster care system. As an adoptive mother, I know firsthand the joy of opening one's heart and their home to a child. It is heartbreaking to look into the eyes of children who are so desperate to have someone to call mom or dad, to have a place to call home and to have a sense of peace that comes with permanency.

In 1997, Congress tried to help these children by passing legislation to facilitate the adoption of children in foster care. As a result, the dream of a permanent family and a loving home is becoming a reality for more and more children. Yet despite our best efforts to streamline the system and find willing families to adopt these kids, the reality is that there are thousands of children who will never leave the foster care system during their childhood.

Every year approximately 20,000 adolescents are forced out of the foster care system because they have reached the age of 18. On their 18th birthday they are emancipated and left to their own devices to create a life for themselves, often with no one to rely on for emotional, financial or moral support. It is not surprising that these young people are more likely to quit school, be unemployed, have children out of wedlock, end up on welfare or in jail. Without a support system, these kids often develop mental health problems, become dependent on drugs or turn to lives of delinquency and crime that put them at great risk of violence.

We simply cannot turn our backs on these young people. As parents, we do not cut off our children once they turn 18, although I think it is safe to say that even if we did, our children would have a better chance at survival than the products of the foster care system. These adolescents, more than most, need personal support and a helping hand if they are going to succeed in adulthood, and it is common sense to make a small investment in these kids to ensure they become productive tax-paying citizens who can make contributions to society rather than become lifelong dependents on the government.

The Foster Care Independence Act doubles the money available to the States for the independent living program to help children make the transition from foster care to self-sufficiency. The bill expands this program to provide assistance to former foster kids between the age of 18 and 21 by helping them prepare for secondary

education, plan a career or train for a job. These programs also may offer personal and emotional support through mentors as well as offer financial assistance and housing.

Under the bill States are encouraged, though not required, to provide health care coverage through Medicaid to young adults who have left foster care. H.R. 1802 also increases the amount of savings children may accumulate and still be eligible for foster care payments. It makes little sense to discourage kids from saving some money to prepare for the day when they will be on their own. This legislation allows children to remain eligible for foster care assistance if they have resources up to \$10,000.

To encourage innovation the bill provides flexibility to States and localities so that they can build on their own unique strengths and utilize their existing resources to meet the purposes of the independent living program. There are only a few requirements States are expected to meet, including a 20 percent match of Federal dollars. By requiring a State investment in a program, H.R. 1802 encourages wise use of funds. States also are expected to collect data and report outcome measures so that the Federal Government can assess what is working.

In addition to the worthwhile goals of this legislation with regard to foster children, the bill incorporates a number of reforms that will reduce fraud and inefficiency in the SSI program. The SSI program has been on the General Accounting Office's list of programs that are at high risk for fraud and abuse. Reforms of H.R. 1802 will save taxpayers nearly a quarter of a billion dollars over 5 years.

I hope my colleagues will agree with me on the merits of the Foster Care Independence Act which furthers the cause of good government by providing assistance to the neediest in our society while safeguarding the taxpayers' dollars by attacking fraud and abuse in government programs.

Mr. Speaker, a childhood spent in foster care is enough of a challenge for one lifetime. Let us help these children find a brighter future in their adulthood. I urge my colleagues to support this fair rule and passage of the Foster Care Independence Act.

□ 0930

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume, and I thank the gentlewoman from Ohio (Ms. PRYCE) for yielding me this time.

This is a structured rule. It will allow for consideration of H.R. 1802, which is a bill that increases spending for the Federal program which provides job training and other services to foster children.

This rule provides one hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee

on Ways and Means. The rule permits only 3 amendments.

Most of us agree that primary support for children must come from their parents. However, when children do not have parents, the responsibility often falls to the State. Unfortunately, we do not always do a good enough job, especially for older children and for children who have left foster care and are trying to live on their own.

This bill doubles the funding for the Independent Living Program from \$70 million to \$140 million. This program helps foster children make the transition from foster care to living on their own, and it requires States to use a portion of these funds for children who have left foster care up to the age of 21. It makes a number of other changes aimed at improving the lives of foster children, including helping children save for education or other essentials.

This bill is the product of 2 years of hearings by the Committee on Ways and Means and extensive consultation with government agencies and private organizations. It is a bipartisan bill with the support of House Democrats and the administration.

The rule is very restrictive, because it makes in order only 3 amendments. However, there are special circumstances which make this rule acceptable. The Committee on Rules made in order all germane amendments which were submitted in advance. Moreover, the bill is a bipartisan effort that was drafted in an open committee process. Therefore, I support the rule, and I urge Members to vote for the rule and the bill.

Mr. Speaker, I reserve the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the distinguished chairman of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I rise to congratulate both of my friends from Ohio for their superb management of this very important rule. To me, this bipartisan rule represents perfectly the bipartisan nature of this legislation.

I think in the testimony yesterday delivered before the Committee on Rules, the gentleman from Maryland (Mr. CARDIN) said it best when he said, would a parent, upon seeing their child turn 18, all of a sudden take that child and throw them out and provide them no direction and no assistance whatsoever. And the answer is a resounding "no."

This legislation is designed to provide the States with flexibility within a framework that will ensure that many of the problems that those young people, once they reach the age of 18, have been facing, will, in fact, be addressed. It increases, in fact doubles, the level of funding for the program, and at the same time realizes that we cannot micromanage it from here in

Washington, D.C. Every year, the figures that we have seen show that there are about 20,000 adolescents who leave the foster care program simply because they have reached the age of 18, and they are then expected to provide full support for themselves.

We know that there are many people who are between the ages of 18 and 21 who end up facing serious problems. In fact, they are inclined to quit school once they have come out of this program, to be unemployed, to be on welfare, to have mental health problems, to be parents outside of marriage, to be arrested, to be homeless, to be victims of violence and other crimes. As a Nation, we obviously want to do everything that we can to mitigate those sorts of challenges that are there.

So I simply would like to congratulate again the managers of the rule for helping us put together what is a structured, bipartisan rule for very important bipartisan legislation.

Mr. HALL of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. CARDIN), one of the main sponsors of this bill, and certainly one of the guiding lights behind it, along with the gentlewoman from Connecticut (Mrs. JOHNSON).

Mr. CARDIN. Mr. Speaker, let me thank my friend from Ohio for yielding me this time.

This rule gives the Members of this body a rare opportunity: A chance to vote for legislation that has the enthusiastic support of the President of the United States and the majority whip of this body.

The Foster Care Independence Act has received its broad-based support because there is a general recognition that we are not doing enough for the 20,000 children who age out of foster care every year.

I want to inform my colleagues that the information that they may have received from the American Public Human Services Association on H.R. 1802 is very misleading. First, contrary to their letter sent to our congressional offices yesterday, H.R. 1802 provides increased Independent Living funds for every State, except South Dakota and the District of Columbia. The only reason why South Dakota and the District of Columbia do not receive increased funding is because we are updating the number of children in foster care for the formula that is currently about 15 years old, and both of those jurisdictions have had a reduction in the number of children in foster care.

Second, the same number overstates the number of States and the overall funding impacted by the bill's changes in the child support hold harmless provision.

Third, the letter's suggestion that States should be allowed to continue Medicaid coverage under SSI-related eligibility criteria for individuals denied SSI is already addressed by the manager's amendment which will be made in order when we adopt this rule.

Mr. Speaker, I urge the adoption of this rule and the adoption of the Foster Care Independence Act.

Mr. HALL of Ohio. Mr. Speaker, I yield back the balance of my time.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume.

In closing, there is little controversy surrounding this rule or the underlying bipartisan legislation which will help us meet the needs of some of our most vulnerable citizens, children who have spent their lives in the foster care system. I hope all of my colleagues can see the wisdom of investing some Federal dollars in the programs that will prevent more young people from falling through the cracks once they turn 18 and leave foster care. Let us give them a fighting chance at some success and happiness in life.

Mr. Speaker, I urge a "yes" vote on the rule and the Foster Care Independence Act.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.  
A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. KNOLLENBERG). Pursuant to House Resolution 221 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1802.

□ 0938

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.  
The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes, and the gentleman from Pennsylvania (Mr. GREENWOOD) and the gentleman from Michigan (Mr. DINGELL) each will control 10 minutes.

The Chair recognizes the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am grateful for this opportunity to present to the House H.R. 1802, the Foster Care Independence Act of 1999. H.R. 1802 provides important help to children who are leaving foster care so that they can establish themselves as self-reliant adults.

The goal is to prepare these young people to be able to move into the work force or to continue with their education on the very day they leave foster care. These children face very difficult problems and we must create programs to help them learn to be self-reliant.

I want to thank my colleagues and lead cosponsor, the gentleman from Maryland (Mr. CARDIN) for his leadership in drafting this legislation. His great interest in these young people, and knowledge of their problems and of the current programs has made him an invaluable coauthor of this legislation. The gentleman from Maryland and I have also worked with numerous highly qualified and experienced people in the administration, State governments, and private and nonprofit sectors, and have gained from their experience. Consequently, this bill enjoys broad bipartisan support and is endorsed by the administration.

Our bill contains five central innovations. First of all, we double the money available to the States for helping children leaving foster care establish themselves as adults.

Second, we require States to in effect conduct two programs, one for adolescents before they leave foster care, and a second program for young adults who have left foster care and are in the process of establishing themselves as independent adults.

Third, we require States to prepare every adolescent in foster care by age 18 to either get a job or attend an institution of higher education. On the very day they leave foster care, it is our expectation that State programs will have these children ready to follow one or both of these paths.

Fourth, we have worked with the Committee on Commerce to modify Medicaid law so that many of the 18, 19, and 20 year olds who leave foster care may receive Medicaid coverage.

And fifth, we raise the asset level so that these young people can save as they work in high school for a security deposit on an apartment, down payment on insurance on a car, and build a cushion for life's inevitable challenges.

The services States must provide to these young people so they will succeed are broad: Assistance in obtaining high school diploma; postsecondary education; career exploration, vocational training, job placement and retention; training in daily life skills; budgeting; substance abuse prevention education; education in preventive health care, including smoking avoidance; nutrition education; pregnancy prevention; and for the first time, foster children must be involved in designing their program and accepting personal responsibility for carrying it out.

Lastly, States must coordinate their independent living programs with their school-to-work programs, other work force training programs, community college and university programs, and other relevant programs like abstinence training.

Finally, let me briefly outline the contents of the manager's amendment. Actually, I am going to skip through this in defense to many who want to speak on this bill and just mention that one of the things that we do in this bill is to authorize additional payments to States for increasing their rate of adoptions. The amount of bonus money we appropriated in previous legislation is inadequate because States have done such a remarkable job of increasing the number of adoptions of children in foster care.

Mr. Chairman, many of these kids have suffered more hard knocks in their lives than any of us ever will, but they have skills and abilities. They have dreams and hopes. Many of them are an inspiration. They not only deserve our support, but they are a good investment. Today, two-thirds do not complete high school, 61 percent have no job experience, and 38 percent are diagnosed emotionally disturbed. Most end up jobless, addicted, pregnant, or in jail. That is a terrible thing, to waste a child's life when they are filled with the same abilities and dreams that our own children are.

We can and must change that. With common sense and resources, with focus on work and education, with just good care, common sense and concern, these kids can fulfill their dreams like all American children should be able to.

Mr. Chairman, I am pleased to present this legislation to the Members today.

Mr. Chairman, I reserve the balance of my time.

Mr. RANGEL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first let me commend the gentlewoman from Connecticut (Mrs. JOHNSON) and the ranking member, the gentleman from Maryland (Mr. CARDIN) for seeing a serious problem and working together in a bipartisan way to find a solution that Members on both sides of the aisle would be anxious and proud to support.

Most all of us know as parents that a child becoming 18 does not necessarily mean that they are ready to assume the responsibility of adulthood. This is especially so for those children who find themselves in foster homes where most of the benefits would just be terminated because they are 18 but not out of foster homes.

This legislation gives them a chance to get their lives together, allows the State to continue to give Medicaid support, and allows them also to give the type of assistance that is necessary so that they will be more able to adapt to negotiate adulthood, in seeking jobs and entering into society.

□ 0945

This has been paid for by provisions to amend and improve the supplementary Social Security Income program. Most of these provisions that are paid for have been requested by the SSA, and also a provision on child support from President Clinton's budget.

Nearly 20,000 children out of our foster care system are placed in high risk of homelessness and sometimes are the perpetrators as well as the victims of crime.

As the gentlewoman from Connecticut (Mrs. JOHNSON) has pointed out, this legislation provides the tools of education, it provides the continued health coverage, it provides for the ability for them to find a place to live so that they can become productive and independent.

I cannot thank the Members enough for their work, the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN). As the gentlewoman from Connecticut has pointed out, it has broad-based support: The Child Welfare League of America, the Children's Defense Fund, and of course, President Clinton.

Mr. Chairman, I yield the remainder of my time to the gentleman from Maryland (Mr. CARDIN), the ranking member of the Subcommittee on Human Resources, and I ask unanimous consent that he be allowed to allocate the time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GREENWOOD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I also would like to commend the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) for their excellent work on this legislation.

The Committee on Ways and Means had primary jurisdiction for this legislation. I am here as a member of the Committee on Commerce because in the Committee on Commerce we have jurisdiction for Medicaid, and this bill quite intelligently and compassionately extends the opportunity for States to extend Medicaid eligibility to foster children during their 18th, 19th, and 20th years.

I am also here because prior to my commitment to public service, I was a foster care worker. I worked with these very children. It was my job to identify children who were physically abused, who were neglected, who were in many cases sexually abused. If it was not safe or in the children's interest for them to remain with their biological parents, we went to court and got custody of these children, and tried our best to find good foster homes.

The foster care system in America is the system that we use to compassionately come to the rescue of these children, who have had the most, in many cases, horrific and tragic childhoods. But the problem with our foster care system, as good as it is up until that 18th year, is that suddenly and arbitrarily we withdraw support from children.

I have watched these children age out of the system. I have seen how one day,

up until their 18th birthday, they are in a foster home, they have a bedroom, they have a refrigerator, they have a mom and a dad, and the next day they are on their own, they are out into the cold, fending for themselves. Maybe they have a low-paying job, maybe they do not. Maybe they have a place to live, maybe they do not. It is sad.

When we think of ourselves as parents, how many of us with our children, who have the fortune to have had good, stable upbringings where they are loved, how many of us say, here is your 18th birthday card, hit the street? We do not do that. Certainly for those kids who are most vulnerable, who have the most emotional and sometimes physical scars, we should not be so callous, as well. This bill reverses that.

If we look at any of the dysfunctional characteristics of people in America, over and over again the data shows that the primary predictor for all kinds of dysfunctional behavior, substance abuse, criminal behavior, mental health problems, is a childhood of trauma and abuse. We know these children coming out of foster care very frequently are the kids who most need help in transition.

Many of them have been involved in much needed and very important mental health therapy. They have been going to a counselor to talk about their sexual abuse that they have received at the hands of a parent, or their physical abuse. And again, at the age of 18, without this legislation, we stop that arbitrarily and not only send them out into the streets without any physical help, but without any psychological help as well.

Again, this legislation wisely would permit the transition for these children to continue to have mental health therapy, if that is what they need.

Mr. Chairman, I have not been a caseworker since 1980. That is 19 years ago. I still have some of my kids call me. They call me at home on holidays, they come into my congressional office. Most of them are doing okay. Some of them are still, 20 years after being released from foster care, still on the streets, still struggling because they did not have the help that they needed in making that transition.

This legislation is consistent with other changes that we have made in social welfare policy, where we no longer encourage or even tolerate people to remain with lives of dependency, but nor do we suddenly and arbitrarily pull the rug out from under them; but rather, we help people who are in need to transition from the time in their lives where they need support from others to a time in their lives where they can successfully transcend their dependency and become independent.

Again, I commend the authors of this legislation. We think this legislation is wise and compassionate.

Mr. Chairman, I reserve the balance of my time.

Mr. CARDIN. Mr. Chairman, I yield myself such time as I may consume.

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Chairman, I want to first compliment the gentlewoman from Connecticut (Mrs. JOHNSON) for her leadership on this legislation.

As chair of the committee, she held early hearings so that we could establish the record that we all knew would be there that we are not doing enough for the children aging out of foster care. Due to her leadership, we are able to bring forward a bill that is supported by both the Democrats and the Republicans, and has the strong support of the Clinton administration.

I want to also compliment Ron Haskins, the majority staff person, Nick Gwyn, the Democratic staff, for the work they have done in bringing this bill to the point where it enjoys very, very broad support.

Mr. Chairman, we are here today because we are the parents of children aging out of foster care. We are responsible for them. Twenty thousand children every year age out of foster care. These children are very vulnerable. In many cases they were removed from their natural parents because of abuse, neglect, or abandonment. They may have been in two, three, four, five, or more foster homes during their childhood. Now they turn 18 and we say they are on their own.

How many of us as parents tell our children at 18 that they are on their own? We have a responsibility. These children are very vulnerable at the age of 18. In many cases, they lack housing. They have poor employment prospects, inadequate educational achievement, absence of health care coverage, and tragically, many have substance abuse and will become homeless.

The legislation that we bring forward contains five major provisions in order to deal with this circumstance. First, we double the amount of money available in the independent living program from \$70 million to \$140 million. We expand counseling services, not just for children over the age of 18 but for children under the age of 18, so they can be prepared upon reaching that age to be more self-sufficient.

We expand educational opportunity, training, job accomplishment, and other resources available so that they have a better chance to be able to make it in independent living.

Second, for the first time we allow the use of independent living program funds for housing assistance for children aging out of foster care between the ages of 18 and 21. This is a major change in Federal law. It acknowledges that 18-year-olds coming out of foster care have difficulty finding adequate and safe housing. Yes, many end up homeless today, and we want to do something about that.

Third, the legislation allows an 18-year-old to have a little bit more money in the bank. Under current law the limit is \$1,000, almost penniless, expected to make it on their own. This

bill allows a foster child to at least accumulate up to \$10,000 so they may have some money in order to put down a deposit on an apartment or to be able to get an automobile for transportation, so they can make it in the real world.

Fourth, the legislation improves the data and research on children in foster care. Mr. Chairman, we have a responsibility to establish reasonable goals of what we want to achieve in our foster care program. Yet, we do not have the information today in order to evaluate that.

This legislation will give us the tools to be able to assess what the Federal programs should be accomplishing and to hold our local governments accountable to reasonable results.

Fifth and last, it allows the States to provide Medicare coverage for those children between the ages of 18 and 21. A recent study shows that as much as 44 percent in that age group are having great difficulty finding health insurance.

Mr. Chairman, this legislation is not without cost. It has been scored to cost \$500 million over 5 years. The legislation is paid for, which we think is the responsible thing to do. We have done that in a way that we think adds to the benefit of the legislation before us, first by curbing abuse in SSI fraud so that we can make the system more accountable; secondly, by allowing veterans of World War II to collect SSI at a reduced amount if they desire to return to their homeland; and third, by repealing the child support hold harmless provisions that were put in the law during welfare reform in 1995.

I think all of us know that welfare rolls have dropped dramatically since 1995. The hold harmless, which was questionable when it was put into the law, certainly today tends to provide more Federal resources than the States actually spend in child support enforcement, but we decided to do a good thing in repealing the hold harmless.

That is, we adopted an approach in the manager's amendment that was suggested by the gentleman from Wisconsin (Mr. KLECZKA) to reward those States that passed through their child support collections to the families, to the families coming off of welfare, so we encourage the family units; so that the noncustodial parent believes, and rightly so, that he or she is part of supporting the family.

Mr. Chairman, this is good legislation. I encourage my colleagues to support H.R. 1802.

Mr. Chairman, I reserve the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. FOLEY), a member of the subcommittee.

Mr. FOLEY. Mr. Chairman, let me very much thank the gentlewoman from Connecticut (Mrs. JOHNSON) for her chairmanship of this important committee, and the ranking member, the gentleman from Maryland (Mr.

CARDIN), for their hard work on this important bill, the Foster Care Independence Act of 1999.

We can all remember how hard growing up can be. Fortunately for most of us we had loving and supportive of family and parents to nurture, encourage, and teach us how to gradually enter adulthood. I could never imagine the feelings of fear or uncertainty that a foster care approaching his or her 18th birthday must have. While most teens are celebrating their graduation from high school and working at part-time jobs while they anxiously wait to leave for college, foster children are trying to figure out how to find a job and who will pay enough to put a roof over their head and to put food on their own table.

Last year Florida had 3,103 youths who were eligible for independent living programs. Although some of these kids have foster parents who stick with them and are willing to help, including giving them money out of their own pockets, many have been shuffled around so much that they do not have anyone to turn to.

These foster children have barely been able to be kids, and suddenly they are forced to become instant adults. It is no wonder that many of them end up on the streets or on welfare, or as teen-aged parents.

By getting States to provide 18- to 21-year-old foster children with job training, job skills, financial planning classes, information on higher education, counseling, life skills, housing, and health care, we are giving these kids a better chance to become responsible adults. We are giving them a chance to have a life that is not characterized by fear and by hardship.

□ 1000

We are giving them their independence, not only from their foster parents, but from Federal assistance. But we are also preparing them to handle this independence and to make choices that lead to positive results.

My own State of Florida has already provided Medicaid and tuition assistance to older foster children. There are many programs that teach independent living skills. However, we can not always reach all of the children that need these services or provide all of the programs in every area of the State. This bill will enhance the ability. It will give foster children a chance.

I urge passage of this very, very important legislation.

Mr. BROWN of Ohio. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to commend the gentleman from Virginia (Chairman BLILEY) and the gentleman from Florida (Chairman BILIRAKIS) for taking swift action on the Foster Care Independence Act of 1999. I thank my colleagues on the Committee on Ways and Means, the gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL), for taking up

this bill, which will provide financial assistance for former foster care children between the ages of 18 and 21.

As these young people age out of foster care without a permanent family or a structure of continued support, they can face problems with the social, emotional, and basic skills necessary for self-sufficiency. By increasing the availability of services designed to improve the transition into independent living, such as budgeting, career planning, and safe housing, these young people can face a brighter future.

By increasing funding for the Independent Living Program, this bill would provide Ohio's and my State's foster care children with 10 percent more funding, increasing that funding from \$2.8 million to \$3.2 million.

In addition to providing financial support for adolescents leaving foster care homes, this bill would give States the option of providing Medicaid benefits to these teenagers until they reach the age of 21. The security of comprehensive health insurance is critical, not only for their health, but to give them the freedom to concentrate on preparing for the future.

Young people leaving the foster care system who are just starting out on their own need our assistance. This will do just that. I urge my colleagues to support its passage.

Mr. Chairman, I reserve the balance of my time.

Mr. GREENWOOD. Mr. Chairman, I yield 2½ minutes to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding me this time.

I want to join with my colleagues in encouraging support of this bill. This bill really provides significant transition that is not readily there for foster kids who, by the time they reach 18, have, on many occasions, if not most occasions, faced more adversity than most of us face in a lifetime: the insecurity of the life as a foster child, the not knowing the situation with one's parents, the not knowing what may come next.

In fact, statistics show that foster kids do have greater problems as adults with alcoholism, with homelessness, with crime, with poverty. This bill helps give that independent living transition the leg up that is needed.

The gentleman from Ohio (Mr. BROWN) just talked about the importance of continuation of health insurance. Many, many kids in our society have health insurance from 18 to 21, or maybe even 18 until 23 because they are continuing their education, and their parents are able to extend their coverage to them. That is not available to foster children. So foster children, during that time of transition, during that decision about further schooling, have to deal with this critical question of health care and insurance as well. This helps bridge part of that gap. This is a bill that really does address the needs of foster kids.

This Congress needs to be committed to foster care. The gentleman from Texas (Mr. DELAY), the majority whip, is a foster parent. He and his wife have foster children. Others in this body have really been leaders in trying to extend to foster care and foster children the care that is missing in their life.

This Congress can show we care today about these kids. We care about what happens to them as they make that transition often, and most often without the benefit of that parental involvement in their life, the transition to the work force, transition to adult responsibility, a transition to taking care of themselves. This bill helps make that happen.

I urge my colleagues to support it.

Mr. CARDIN. Mr. Chairman, I am now pleased to yield 3 minutes to the gentleman from California (Mr. FILNER), the sponsor of legislation that is incorporated in the legislation we have before us that gives flexibility to our veterans.

Mr. FILNER. Mr. Chairman, I thank the gentleman from Maryland for yielding me this time.

Mr. Chairman, I want to speak to one provision of H.R. 1802, a provision introduced as H.R. 26, which, for the RECORD, was originally sponsored by the distinguished gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

I thank the gentlewoman from Connecticut (Ms. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) for taking this legislation, broadening it, and fitting it into this bill today.

The provision I am speaking of allows Filipino World War II veterans, and others currently on SSI and living in the United States, to return to the Philippines if they wish to do so, taking a portion of their SSI with them.

When many Filipino World War II veterans immigrated to the United States, they thought they would get full veterans benefits once they arrived here to allow them to live in dignity. However, they were denied these benefits, and many are living alone and in poverty today, unable to bring their families here with them to the United States.

So this legislation will allow those who wish to return to the Philippines to be with their loved ones in their final days to do so. This is a humanitarian gesture and one which finally recognizes these soldiers as true veterans.

It will also save us money. It is possible that as much as \$30 million a year could be saved.

As many of my colleagues know, during World War II, the military forces of the Commonwealth of the Philippines served in our Armed Forces by Executive Order of the President of the United States. With their vital participation so crucial to the outcome of this war, one would assume that the United States would be grateful to their Filipino comrades. So it is hard to believe

that, soon after the war ended, the 79th Congress voted to take away those benefits and recognition that Filipino World War II veterans were promised earlier.

Over 50 years have passed since that action took place, 50 long years in which Filipino veterans and their sons and daughters have been waiting for justice. Two hundred nine cosponsors of last year's Filipino Veterans Equity Act, again introduced by the gentleman from New York (Mr. GILMAN), have asked our colleagues to correct these injustices that veterans have endured.

This bill is a significant step on behalf of many of these brave colleagues who served side by side with the forces from the United States. Let us join together in this bipartisan effort to correct this monumental injustice. I urge my colleagues to support H.R. 1802.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. GILMAN), who is chairman of the Committee on International Relations, but for today's purpose introduced the legislation that is bringing to our Filipino veterans really a very humane and wonderful option. I thank the gentleman from New York for his work.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Chairman, I thank the gentlewoman from Connecticut for yielding me this time, and I thank her for her kind remarks.

Mr. Chairman, this Foster Care Independence Act is an excellent act, and I commend the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) for their bipartisan leadership on this important measure.

This legislation accomplishes three worthy goals. First, it makes changes to Federal foster care programs by providing additional funding that is needed, as well as granting greater flexibility for various States to help prepare foster care teenagers for independent living once they leave the program at age 18.

Second, this measure establishes additional procedures to crack down on fraud and abuse within the Supplemental Security Income Program.

Finally, this legislation incorporates language from a bill that I introduced, along with the gentleman from California (Mr. FILNER), H.R. 26, which permits Filipino World War II veterans who currently are recipients of SSI benefits to be able to retain those benefits if they decide to return to their homes in the Philippines.

Each Filipino veteran who chooses to do this will still have his SSI benefits, but at a 25 percent reduced rate to reflect the lower cost of living in the Philippines.

I want to thank the gentlewoman from Connecticut (Mrs. JOHNSON), the chairman of the Subcommittee on Human Resources, and the gentleman

from Maryland (Mr. CARDIN), the ranking member, for permitting our Filipino veterans the opportunity to testify on this measure at their hearing earlier this year, and for incorporating our language in H.R. 26 in the overall bill.

It is estimated that several thousand Philippine veterans will be affected by this change in law. Many of these veterans are financially unable to petition their families to immigrate for our country, causing them to live alone. When this bill is adopted, these veterans are going to be able to return to their families in the Philippines, bringing a decent income with them.

Accordingly, I urge my colleagues to fully support this worthy measure.

Mr. CARDIN. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Guam (Mr. UNDERWOOD), who has also been very actively involved in helping our Filipino veterans.

(Mr. UNDERWOOD asked and was given permission to revise and extend his remarks.)

Mr. UNDERWOOD. Mr. Chairman, I rise today in support of H.R. 1802, and I want to thank the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) and of course the gentleman from New York (Mr. GILMAN) and the gentleman from California (Mr. FILNER) for their efforts in particular for the provision regarding extending SSI benefits as a humanitarian gesture to World War II veterans, particularly the focus is Filipino veterans.

Under current law, World War II veterans who live in the continental United States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands are eligible for such benefits. However, if such veterans move to a foreign country, like the Philippines or the other U.S. territories, their benefits would stop.

Over the years many of us have tried to rectify this matter to extend such SSI benefits to our veterans who desire to return abroad to the Philippines or who wish to be united with their families in the territories. Some of us, particularly from the territories, have also tried to address the inequities of those in the territories who currently do not receive any SSI benefits because, under the original legislation, Guam, the U.S. Virgin Islands, Puerto Rico, and American Samoa were excluded.

Today, we address one of those inequities under the current law by allowing World War II veterans who qualify for SSI now to be able to continue their benefits should they desire to return to the Philippines or to the territories; and, of course, we are in full support of this measure. Our Filipino veterans in particular who fought valiantly alongside U.S. troops in World War II deserve this recognition.

I remain, however, concerned that World War II veterans who already reside in the U.S. territories, U.S. citizens, all who are not currently receiv-

ing SSI benefits, will not be eligible under this provision simply because of the fact that current benefits extend only to those veterans who live in the continental United States.

Mr. Chairman, while we try to resolve one inequity for Filipino veterans, let us not forget the inequities which exist for other U.S. citizens.

Mr. GREENWOOD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to return briefly to the foster care issue. I think it is important to underscore who is an 18-year-old foster child. Some of us think of a child coming into foster care at a very early age and remaining there for 18 years. That should not happen and rarely does happen.

Usually a child who comes into care early is either reunited with their biological family after they have overcome some of their difficulties, or, if that is not possible, the child is adopted.

An individual who turns 18 years of age in foster care probably came into foster care relatively late. It underscores the abruptness, when one had a horrendous event in a child's life, where one finally detects a bad home life at the age of 13 or 14 or 15, one brings that child into foster care. It is very difficult to find an adoptive home who will adopt a teenager.

So, again, these kids have come into care abruptly. To release them from care abruptly does them a terrible disservice. This bill corrects all of that. It is a tremendous bill.

Mr. Chairman, since the Committee on Commerce has no additional requests for time, I ask unanimous consent to yield the balance of my time to the gentlewoman from Connecticut (Mrs. JOHNSON).

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BROWN of Ohio. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. ESHOO).

Ms. ESHOO. Mr. Chairman, I would like to thank the gentleman from Ohio (Mr. BROWN), the ranking member, for recognizing me for this time, and for the work that has been done on this bill by both the leaders of the Committee on Ways and Means, the jurisdiction of the Committee on Commerce, and certainly the gentleman from Maryland (Mr. CARDIN) and the gentlewoman from Connecticut (Mrs. JOHNSON) for their work on this bill.

So I rise in support of H.R. 1802, the Foster Care Independence Act. I support providing more resources to the States to help children make the very important transition from foster care to independent living.

I also want to express my support for the critical provision in the bill for World War II veterans, especially the Filipino-American veterans. I know that there are many of us that have worked on this provision for a long,

long time and support it. I want to salute those that have seen fit to put it in this bill.

For the more than 500,000, that is a half a million, children in our country today in the foster care system, turning 18 can be a frightening time. They have had a rough time being in the foster care system, because we know it is not a system that we can at all times say that we are proud of.

I know of what I speak, because I rise as a foster parent. One of my kids came to us at 13 years old, and we were her 26th placement. It is very difficult to move on in life having moved through a system that is rough, children that have really not had a real home and parents to love them. So I think I know of what I speak because I have dealt with the system.

For those of us that have raised teenage children, we know that it is a very, very difficult time. It is difficult for them to move out on their own and pay their own bills.

□ 1015

So H.R. 1802 addresses this by providing States the flexibility and the necessary funding.

We can do all the talking we want about these things, but if there are not the necessary resources to continue supporting these kids through the age of 21 and what comes with it, then what we want to happen really will not happen. We can do better for our Nation's children. I think this bill sets this aside and does that.

There is another group of people, Mr. Chairman, who I think deserve better than the current system, and that is the underinsured and uninsured women in our country that are diagnosed with breast and cervical cancer. I am using some of this time to once again highlight something that has been left so far unattended by this Congress and I think that we need to move on it.

In 1990, the Congress directed the CDC to provide screening for breast and cervical cancer for underinsured and uninsured low-income women. It was a very, very important step that the Congress took. But we need to take the next step, because women that are diagnosed through the screening are then informed by us that they are on their own; that there is not any resources for the treatment that needs to take place.

A bill that I introduced with my colleague the gentleman from New York (Mr. LAZIO) would close this loophole, and I urge the leadership to not only hold a hearing on this bill that has 250 cosponsors but also to move on a markup. I think we can do this, along with what we are doing today with the foster care bill, and I thank my colleagues for giving me the time to not only underscore this but to rise in support of 1802.

I support providing more money to states to help children make the very important transition from foster care to independent living.

For the more than 500,000 children now in the foster care system, turning 18 can be a

frightening time. That is because the system we currently have in place drops them on their 18th birthday.

For those of us with teenage children, we know that 18-year-olds aren't often prepared to live on their own, paying their own bills. H.R. 1802 addresses this by providing states the flexibility and funding to continue supporting these kids until age 21.

I support this bill because the Nation's children deserve better than the current system.

There is another group of people who deserve better than the current system, Mr. Chairman—uninsured and underinsured women diagnosed with breast or cervical cancer.

In 1990, Congress enacted the Breast and Cervical Cancer Mortality Prevention Act, authorizing a breast and cervical cancer-screening program for low-income, uninsured or underinsured women through the Centers for Disease Control (CDC).

This law was an important first step, but it was only a first step. While the current program covers screening services, it does not cover treatment for women who are diagnosed with cancer through the program.

A bill I have introduced with my colleague, RICK LAZIO of New York, would close this loophole.

The Breast and Cervical Cancer Treatment Act (H.R. 1070) would establish an optional state Medicaid benefit for the coverage of uninsured and underinsured women who were screened by the CDC program and diagnosed with breast and cervical cancer.

The federal government should not be in the business of telling low-income women, "We've helped you find out whether you have cancer, now that you do, you're on your own."

H.R. 1070 is a matter of life or death.

Breast cancer kills over 46,000 women each year and is the leading cause of death among women between 40 and 45.

Cervical cancer has a mortality rate over 30%.

Yet, it lies in the drawer of a Commerce Committee staffer with no floor action scheduled and no date for a markup.

The Committee Leadership has said we don't have time for the Breast and Cervical Cancer bill.

Yet, twice in the past week, the Commerce Committee has discharged its jurisdiction on legislation and brought it immediately to the floor for a vote.

On Tuesday, a resolution on prostate cancer with 65 cosponsors.

Today, a bill on foster care with no cosponsors.

And yet, the Breast and Cervical Cancer bill—a bill with 250 cosponsors, including over three-quarters of the Commerce Committee—remains in limbo.

What kind of message are we sending to the women of this country? We have time for prostate cancer and foster care but no time for a breast and cervical cancer treatment bill that has the overwhelming support of over half the Congress and yet we have time to push through other bills?

Thankfully, Mr. Chairman, we possess the technology to detect and treat breast and cervical cancer. But we must pair this with the will to help women fight this disease.

Treatment for breast and cervical cancer should not be a partisan issue.

In the last decade we have made great strides in diagnosing and treating breast and

cervical cancer. But the causes of these cancers remain unknown and for many women how they will pay for their treatment remains unknown as well. H.R. 1070 would change that for thousands of women each year.

The women of this country deserve consideration of H.R. 1070. The 18 organizations that endorse the bill deserve its consideration. The 250 Members of Congress who are cosponsors deserve its consideration.

I implore the Commerce Committee Leadership to schedule a markup of H.R. 1070, the Breast and Cervical Cancer Treatment Act.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky (Mr. LEWIS), a member of the subcommittee. I appreciate his work on this bill.

Mr. LEWIS of Kentucky. Mr. Chairman, I rise today to express my support for H.R. 1802. Each year 20,000 young people leave the foster care system when they turn 18 years old. All young people face new challenges on their 18th birthday, but as we learned in committee, many foster care individuals face individual hurdles.

By continuing our efforts to fight fraud and abuse in the SSI program we are able to return more money to the States for independent living programs. These programs identify adolescents who are getting ready to leave the foster care system and help them achieve self-sufficiency.

The SSI fraud prevention provisions in this bill build on the success of the 1996 welfare reform bill. For example, SSA, Social Security Administration, is required to share its prisoner database with other Federal agencies to prevent the continued fraudulent payment of other benefits to prisoners.

Under H.R. 1802, the prisoners and fugitives are barred from SSI eligibility for 10 years if they fail to report receiving payments while in prison or violated a repayment schedule. Representative payees who do not return SSI payments made after the death of a beneficiary would be held liable for repayment under this legislation.

H.R. 1802 also cracks down on doctors and lawyers convicted of SSI fraud. So by stopping fraud and abuse, we can benefit the needs of foster kids.

In closing, I would like to thank the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) for their work on this important legislation. It is my hope my colleagues will join me in voting for H.R. 1802.

Mr. BROWN of Ohio. Mr. Chairman, I yield the balance of my time to the gentleman from Maryland (Mr. CARDIN) of the Committee on Ways and Means.

Mr. CARDIN. Mr. Chairman, I yield 6 minutes to the gentlewoman from Ohio (Mrs. JONES), who has been one of the real leaders in this Congress on the issues of children.

Mr. JONES. Mr. Chairman, I rise today in support of H.R. 1802. As Cuyahoga County prosecutor, I oversaw a unit of 18 attorneys responsible for litigating issues of abuse and neglect. In that capacity this issue of foster care

children aging out of the child welfare system arose in both the civil and criminal arena.

I would like to thank the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. Cardin) for asking me to come to the floor to speak on this issue. Mrs. Jackie Ashby, a constituent from my district, wrote the following letter, which best expressed the need for change. She originally wrote in support of H.R. 671, however, her comments are just as applicable to 102.

Miss Ashby is a social worker in my district.

She writes: "Dear Representative Tubbs-Jones: It has come to my attention that the house resolution is being debated concerning abused and neglected children who are aging out of foster care. I would strongly urge you to support this bill. I work in an independent living program in Cleveland. The children I work with are 18 years old and are exactly the children for whom this resolution is aimed. I know from first-hand experience that these kids need your help.

"Ten years ago I kept watching children leave our residential center or even our group home to the street because they had nowhere else to turn. Once they turned 18 they were too old for the child welfare system to take care of them anymore and they were unprepared to manage job, school, bills, relationships, drugs, sex, and all the other things that go with adult life. They ended up back with the same parents who abused or neglected them or in relationships that mirrored those poor parental relationships. Often this resulted in them becoming homeless, abusing drugs or becoming either victims or perpetrators of crime.

"There were many good programs out there, and my agency gave me the freedom to look at these programs and find a model that worked for these kids and start it. Five years ago three staff and myself began the independent living program. We had our share of troubles. The scenarios above still happen for some kids. But I can tell you more kids now graduate from high school. More kids than before learn what it takes to be a good worker and how to keep a job, and more kids know that they can never go home, at least not to stay again. And they do have other choices.

"The sad thing is that sometimes all those revelations happen after they have been kicked out of the children's welfare system. Being homeless, jobless or overcome by drug abuse are powerful lessons that many kids could be helped with when they ask for it, but the system doesn't allow for re-entry into the children's system once they are 18. The adult system here in Cleveland, although better than most, doesn't cater to the specific problems of young adults. Consequently, young people who are belligerent, present poorly, and are reluctant to follow through without a good deal of follow-

up by the case manager won't get services.

"Let me give you an example. Linda spent her whole life in foster care. From foster care home to foster care home, even a failed adoption. All she wanted was to be able to live with her mother, for whom she knew was parenting her other three siblings. Reunification was tried and failed. One home after another couldn't tolerate her belligerent attitude, skipping school and her sexual acting out. Out of frustration, certainly not because she was mature enough, the child protection worker recommended an independent living program.

"Linda loves the idea. Finally she has a home of her own. And for the first month of the program she does wonderfully. She is compliant, eager to learn and has made a nice connection with the staff. School starts to fall apart. She was behind in school so now she starts cutting classes. She has all-night parties with all her friends in her apartment, and now her counselor thinks she is using marijuana. The program tries intervention after intervention. Linda states she wants out, out of the system and out on her own.

"Her wish gets granted, mostly because there are so few services to offer an adult who is unwilling to comply with basic rules. So Linda goes back with mom, which is where she always wanted to be. But Linda's fantasy of having mom waiting at the door with open arms is quickly dashed by the reality of a mom who now has other children to attend. Linda and mom never worked out the problems of the past, so the past repeats itself and Linda at some point either leaves mom's house or gets kicked out.

"Linda now ends up either going from friend's house to friend's house, if she is lucky to have friends, or on the street. Now Linda is calling the program back saying, gee, I learned my lesson, you were all right all along. Take me back, I'll be better. And the social worker says, sorry, we would love to have you back. I really believe you have learned your lesson, but you're not a kid any more. You're an able-bodied adult, and you should get yourself a job and make a life for yourself.

"After reading this you might say, tough love is the best medicine. And for some, a good dose is. But how many 18 years old do you know who have had sometimes 20 caregivers over the course of their young life and who have to decide where they are going to live, how they are going to support themselves, what they're going to do without anyone's support all by their 18th birthday. It is tough when you have no one to rely on.

"This kind of funding that the house resolution offers is a chance to give a child like Linda help at a time when she can really use it."

The letter goes on, but I think it specifically states what we are all talking about here on the floor. She says, "I

have 20 more stories like this." Her words can better express, based on her experience, anything that I or my colleagues would say, and I urge the support of this resolution.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. DELAY), the majority whip.

Mr. Chairman, around here and in this process we rarely get a chance to see the dimensions of any Member, and I would have to say when he testified before our committee he was the first one to describe the agony of foster parents as they have to deal with the 18th birthday issue.

So I commend the gentleman for both his work on this legislation and for his good work as a foster father.

Mr. DELAY. Mr. Chairman, I rise in very strong support of this bill. I cannot thank the gentleman from Maryland (Mr. CARDIN) and the gentlewoman from Connecticut (Mrs. JOHNSON) enough for bringing this very, very important piece of legislation that will have a very strong impact on children in America.

There is no better investment that a Nation can make than in its children, and it is time that the welfare of all of America's kids are furthered, all of them, including the abused and neglected and children in the foster care system.

Approximately 20,000 young Americans are released from foster care every year, often without any previous experience with independence. This bill provides direction and assistance for these young adults struggling to make a new start.

American youths are let out of the foster care system on their 18th birthday. Now, for many of those children this can be a bittersweet occasion. In many of the instances they have not graduated from high school, have never held a job, are unemployable for the near future, and they lack basic every day living skills, such as just cooking or keeping a checkbook. Leaving foster care translates into leaving the only security many of these children have ever had.

Now, today, it is taken for granted a loving supportive family is important for youth. But all children are not so blessed. My wife Christine and I are foster parents and we know firsthand the struggles that confront these kids. It is difficult for the average American to understand just how scary it must be for a teenager to be alone. Add the necessity to be self-sufficient for the first time, and a strong recipe for defeat is concocted. But such despair can be avoided, and this pending foster care legislation sets foster children down the right path to adulthood.

My foster daughter turned 18 yesterday. And she, by all rights, should be out on the street. But she is staying in our home, getting ready to go to college. And this bill gives new flexibility to States to develop programs that provide skills to foster children during and

after they are in foster programs. It requires States to guarantee that everyone is either employed or in school when they leave foster care. It also lets them keep their medical benefits after they turn age 18, which now are stripped from them the day they turned 18.

An old cliché relates that an ounce of prevention is worth a pound of cure. This argument is even more compelling where young lives are concerned. Some early preventive measures save a lifetime of grief and trouble, partly because the failures in current foster care transition periods, the rates of crime, jail time, homelessness, and welfare dependency are very high among Americans formerly in foster programs. There is no reason to accept these costs to society and to the individual when they can be prevented.

Mr. Chairman, imagine the hopelessness of a young person's world where there is no security, no comfort, and no one willing to help.

□ 1030

We are sentencing too many of our kids to certain failure and chronic dependency if we do not arm them with the skills and the resources they need as they transition out of the foster care system. The Foster Care Independence Act simply offers a helping hand to those who desperately need it. I strongly urge my colleagues to support this bill.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana (Mr. MCCRERY) not only a member of the subcommittee as we developed this bill but the member of the subcommittee that has put enormous time into understanding the SSI program and the needs of the disabled. I thank him for the provisions in this bill that address the problems of fraud and abuse in that system.

(Mr. MCCRERY asked and was given permission to revise and extend his remarks.)

Mr. MCCRERY. Mr. Chairman, I want to thank the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) for their hard work on this legislation and I particularly thank the gentlewoman from Connecticut for her kind remarks regarding my work on SSI, particularly the SSI for children program that we revised in the welfare reform bill a couple of years ago that was signed into law.

The gentlewoman from Connecticut knows that I would not have been nearly as active in crafting those provisions were it not for a valued member of my staff, Ms. Angel Vallillo. Ms. Vallillo recently died of brain cancer. Part of the reason I am speaking now is to thank her parents, to thank Angel for the work that she has done on this very important subject. I remember very well following our victory in welfare reform and having recognized Angel's work in that bill on SSI, it was not

long after that that Angel came to me with a report in her hand, as she often did, and said, "You need to look at this." I said, "What is it?"

She said, "This is a new report by the GAO on SSI, and it talks about all the fraud, waste and abuse in SSI, and this is one of the highest risk programs in the Federal Government for fraud and abuse, even after all the work we did in the welfare reform bill."

I said, "Okay, I will take a look at it." Sure enough, the GAO wrote a fairly scathing report on fraud and abuse in the SSI program.

So we set to work, Angel did mostly, on crafting some provisions to correct the fraud and abuse in the program. We have heard a lot here today about the foster care provisions of this bill and how good they are. I agree. They are. I am very thankful that we are able to make these changes in the law with respect to foster care. We are financing those good provisions on foster care with the savings that we are going to create through the changes in the SSI program.

Mr. Chairman, I think that you, like I, hear all the time from folks back home, "If you all would just cut out the fraud and abuse in the Federal Government, you could save enough money to balance the budget."

Well, we have balanced the budget now partly because we have cut out a lot of fraud and abuse in the Federal Government, but there is still work to be done. This bill does that. It helps us to cut the waste, cut the fraud, the abuse in a very important Federal program, and with those savings, Mr. Chairman, we are going to re-create a foster care program that I think will do worlds of good for foster children in this country for years to come.

I thank the gentlewoman from Connecticut for yielding me this time.

Mr. Chairman, I rise to inform the Congress and the Nation of the debt we owe Ms. Angel Vallillo for her hard work in crafting the legislation before us today. Angel served for ten years on my staff, first as a campaign volunteer and ultimately as my legislative director until she died of a brain tumor on October 2, 1998. I know her parents, Mr. and Mrs. Raymond Vallillo of Shreveport, Louisiana, and all of her family and friends are as proud of Angel today as they were throughout her life and career.

I have no doubt that Angel is watching over us as we consider H.R. 1802, the "Foster Care Independence Act of 1999". This important bill, which will help thousands of foster children make the transition to adulthood and independent lives, will pass the House today thanks to her hard work in drafting many provisions to end fraud and abuse in the Supplemental Security Income (SSI) program. Without those provisions and the savings they produce—by, for example, blocking benefits for prisoners and fugitives, improving recovery of benefit overpayments, and ensuring recipients are not hiding resources they should rely on—this bill would not be on the House floor today.

I will always remember Angel as a driving force behind the 1996 welfare reform law, and

especially the provisions reforming the SSI program for children. As a caseworker in my district, Angel often saw this program perpetuate poverty rather than alleviate it. As a trusted legislative assistant, Angel helped me and all the Members of the Ways and Means Committee and, in the end, the House, the Senate and the President, make the changes needed. Thanks to Angel's skills and determination, welfare reform is working and an entire generation of children is being saved from lives of dependency.

As a parent of two young children, I want to address a thought to Angel's parents. Regrettably, the evidence that raising children is difficult is all around us. Of all the goals we set for ourselves in life, for those of us blessed to be parents, the single most important goal is raising our children to be honest, moral, hard-working, and honorable citizens of this great country. As Angel's boss, colleague, mentor, and most importantly friend, I knew Angel about as well as you can know someone who is not in your own family. I want her parents to know that she exemplified the very best of everything we raise our children to be. I fervently hope my own children achieve the high standards set by Angel. Raymond and Marie, you are deeply honored as parents by the life and achievements of your wonderful daughter.

Mr. Chairman, few Americans know the great privilege of serving in the people's House, and fewer still of actually developing major legislation that improves the lives of American citizens. But that is exactly what Angel Vallillo did with the few years God granted her on this earth. On behalf of my family and the families of the Fourth Congressional District of Louisiana, I join with all Members of the U.S. House of Representatives today in recognizing Angel's all too short lifetime of dedicated service.

Mr. CARDIN. Mr. Chairman, I yield myself 1 minute.

I just want to underscore the point of my friend from Louisiana, and, that is, this bill does a lot of good things in helping children aging out of foster care and we pay for it in part by dealing with fraud and abuse. I want to thank the gentleman for his help. I also want to thank the Clinton administration for working with us. These provisions have all been mutually agreed upon as an effort to make the program do what we think it should do and provide savings so that we can help children. It is a win-win situation.

Mr. Chairman, I reserve the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Chairman, I thank my colleague and my friend from Connecticut for yielding me this time. I want to say that we have both worked long and hard on a number of issues concerning children. I did want to come here today because I have been a pioneer on child support issues, having served on the national commission that really gave us a comprehensive interstate child support enforcement system. Recently issues and concerns have been raised not about the body of your bill but how it is paid for and its relationship to child support.

I would like to have a colloquy with my colleague from Connecticut, the author of the bill, concerning the issues raised by the American Public Human Services Association and the fact that the bill does eliminate the State hold harmless provision in the present child support program.

It is my understanding that there have been concerns raised that the moneys will be reduced severely for at least 23 States in terms of their levels of reimbursement, I guess, by \$300 million over 5 years, and there are other numbers that are being used here, \$230 million. If the gentlewoman would please help us understand these.

Mrs. JOHNSON of Connecticut. Mr. Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Connecticut.

Mrs. JOHNSON of Connecticut. I thank the gentlewoman for her question. I do regret that that letter is fairly inaccurate. Many States get no money at all under the hold harmless provisions. And, in fact, the money that States get under the hold harmless provisions varies widely. In 1997, only seven States received hold harmless funds. In 1998, 21 States received hold harmless funds. There is a great variation in this provision in the law and its impact on the States.

Overall, it is absolutely true that the States make a profit on child support and the Federal Government loses money. I do want to point out that in repealing the hold harmless, which I think is good policy, we do protect up to 50 percent of their loss, those States that actually pass those funds through to women coming off welfare and do not allow it to interfere with their eligibility for benefits or the level of those benefits.

There is not time to go in on the floor here to the fact that at the time we made these changes, we gave the States the right to retain a 50 percent pass-through and save \$1.2 billion for themselves.

This is, in my estimation, good policy and we have moderated its impact on those States that had a just cause.

Mrs. ROUKEMA. Will my colleague then state categorically that this is not undermining the collection system for interstate child support?

Mrs. JOHNSON of Connecticut. It absolutely does not undermine the collection system for interstate child support.

Mr. CARDIN. Mr. Chairman, I yield myself 4 minutes.

Just to follow up on that colloquy, the hold harmless was put in in 1995. It was put in to protect States on child support collections. It was based upon the collections then which already reimburse some States more than the actual cost of child support collections. But as my colleagues know, the number of people on welfare has diminished dramatically since that time and, therefore, there have been significant reductions in the burdens to the various States. But Members are going to

have a chance in the manager's amendment to vote on a modification of that, that allows for a good policy with the hold harmless, if the States want to pass through those funds to the families so the families actually get the advantage of the funds and we maintain a family unit. So we are going to have a chance to modify that in the manager's amendment.

The gentleman from Wisconsin (Mr. KLECZKA) had recommended that in our committee and it is incorporated in the manager's amendment.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from New Jersey.

Mrs. ROUKEMA. I really appreciate that statement. I see the gentleman from Wisconsin has arrived. He and I have worked on a number of issues over time. I appreciate that. It sounds as though he has looked realistically at this question and hopefully we will not have unintended consequences here and we will pledge to continue to work together to assure that the enforcement system is in place and not damaged by the lack of funding that may be out there.

Mr. KLECZKA. Mr. Chairman, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from Wisconsin.

Mr. KLECZKA. I thank the gentleman from Maryland for yielding.

First, Mr. Chairman, let me rise and indicate my strong support for the bill. It did come before the committee I serve on, the Committee on Ways and Means. I think to provide this continuum of care to foster children is so important. However, one of the pitfalls of doing so was to find a funding source which had a direct impact not only on my State but on other States who pass through their child support payments. I had made note of that at the committee and I should indicate that the gentlewoman from Connecticut was aware of the problem, did indicate at the committee that she would work with me and the gentleman from Maryland to try to find a resolve and as the days went by, it was looking bleaker and bleaker because we could not find the necessary financial resources to pay for continuance of the hold harmless. Thanks to her efforts and her diligence, a day ago I was informed that a funding source has been found and that the manager's amendment as it does today will contain a continuance of paying States this hold harmless which is policy that I think this Congress should encourage not only for Wisconsin, Vermont but for all the States. If in fact you have a court-ordered child support payment, that should not be revenue for the State, that should be income for the family. With this incentive in the manager's amendment to continue it, even though at a lesser degree, States will be encouraged to continue the hold harmless and to advantage the families and not the State coffers.

Mr. Chairman, I want to publicly thank the gentlewoman from Connecticut for the hard work she did on helping us retain this in part, and also I want to thank publicly the gentleman from Maryland who also felt that this is good Federal policy.

Mr. Chairman, I am pleased to support the Johnson amendment to the Foster Care Independence Act.

Earlier, during the consideration of this legislation, I voiced my serious concerns about the impact this legislation would have on the child support system. Specifically, I was very concerned about the elimination of the hold harmless provision for the state share of distribution of collected child support. The outright elimination of the hold harmless would penalize states—like Wisconsin—who make giving child support payments to families a priority over state revenues.

I believe that when a state collects the child support payments that the courts have decided a family needs, the family—and not the state—should get that money. This is money families need to buy clothes and food.

When this bill was considered in the Ways and Means Committee, I introduced an amendment which would have encouraged states to give families the child support to which they are entitled. Although my amendment was not in the final bill reported out of Committee, Representatives JOHNSON and CARDIN expressed strong support for the proposal.

Since the committee consideration of the Foster Care Independence Act, Representatives JOHNSON and CARDIN have worked diligently to ensure that states would retain the financial flexibility to adopt this policy. I am pleased that their efforts were successful.

The manager's amendment includes a provision to retain funding for those states that value child support payments to families over state revenues. I would like to thank Representatives JOHNSON and CARDIN for ensuring that states like Wisconsin can continue to provide families with the full child support payment they deserve.

Mr. CARDIN. Mr. Chairman, I reserve the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH. Mr. Chairman, I rise in strong support of H.R. 1802, the Foster Care Independence Act. This is bipartisan legislation that is aimed at one of the most vulnerable populations in our society, children who age out of foster care.

This legislation is vital because it provides States with increased funding and gives them greater flexibility to help these children who are faced with decisions about their future, whether it is finding a job or continuing their education.

It is important that we help these young adults make the transition from foster care to self-sufficiency. Many of these children when they reach the age of 18 will be balancing a checkbook, paying bills and working for the first time. Under this legislation, States can provide guidance and training to help these children with their newfound responsibilities.

In addition, it encourages personal savings by these clients by increasing the savings threshold from \$1,000 to \$10,000. This amount is assets or savings that foster care children can have while maintaining their benefits. We should encourage them to save to build for their future.

H.R. 1802 also encourages States to provide Medicaid coverage to 18-through 20-year-olds who have aged out of the foster care system.

This legislation, in a nutshell, is a common sense and compassionate approach to helping these young adults make the transition to adulthood and self-sufficiency. I urge my colleagues strongly to support it.

I thank the gentlewoman and I commend her for bringing this legislation as a bipartisan product to the floor of the House so promptly, and I commend the gentleman from Maryland for his seminal role in developing this legislation.

Mr. CARDIN. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. LOFGREN) who has been very helpful to us in putting this legislation together.

Ms. LOFGREN. Mr. Chairman, I rise in support of this very fine piece of legislation, this good, solid, bipartisan bill. There is much good in the bill. I join with my colleague in noting the great difficulty of young people, at age 18, all of a sudden at immediately assuming all adult responsibility. Those of us who have teenagers know that when the child becomes 18, they still need the guidance, the support, the direction of parents. I think this will help considerably in putting structure into young lives and we will have a wonderful result from this.

I also, however, wanted to rise in particular praise of a provision in the gentlewoman from Connecticut's amendment to be heard soon, and that is the provision that will finally provide some assistance to the Filipino war veterans.

□ 1045

This group fought side by side with my father's generation in World War II. The sad story of the disappointments and false promises made over decades is not worth going through here today, but I do look forward with great appreciation to the adoption of the provision that will allow some assistance to these men who fought so bravely and are now old and broken and deserve the thanks of our Nation and also the honoring of the commitments made at the time of when my father was a young man.

So I thank the gentlewoman from Connecticut (Mrs. JOHNSON). I look forward to supporting her amendment and thank her greatly for her attention to this matter.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2½ minutes to the gentleman from Oklahoma (Mr. WATKINS). He and his wife have also been foster parents over many years, and his

experience has been of great value to the subcommittee.

(Mr. WATKINS asked and was given permission to revise and extend his remarks.)

Mr. WATKINS. Mr. Chairman, I rise in support of the Foster Care Independence Act, and I ask the gentlewoman from Connecticut (Mrs. JOHNSON) for a question.

Under the training activities of the foster parents in this bill will there be an emphasis on encouraging foster children to continue their education and to seek higher education or skill training to better their employment and career opportunities.

Mrs. JOHNSON of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. WATKINS. I yield to the gentlewoman from Connecticut.

Mrs. JOHNSON of Connecticut. The whole focus of this bill is to help kids look early at preparing themselves for work or education or both after they turn 18. From the time they were 14 the bill encourages career exploration opportunities, it requires coordination with work study programs and high school. These kids are often the last to have any access to the work study program when they should frankly be at the top of the list.

So the whole goal of this is to help kids have an opportunity to work, develop a resume, develop recommendations, prepare for when they turn 18 to either go into the work force full time as a skilled, developed worker, or go on to college or a combination of the two. That is our goal, and that is going to be the main measure of these programs as we hold oversight hearings on them in the future.

Mr. WATKINS. The gentlewoman has indicated my wife Lou and I are foster parents. There are some great rewards in being foster parents. I would like to say to my colleagues and the American people. We had our homes licensed for homeless girls. We ended up adopting one of those young ladies, Sally. Sally is our daughter who become a professional person after receiving a college education. We put every dollar into an educational fund. It is rewarding from foster care experience, and our daughter Sally now has made us very proud grandparents of a granddaughter named Rena Cheyenne.

Let me say also to my colleagues, the parents and to the foster children out there that education, is the quickest way to lift themselves up out of the poverty and out of the conditions they have. I want to encourage them, and I want to encourage parents to be able to bring children in their homes and let them be an uplifting experience and a role model hopefully for that child. That is the best way we can lift them out of the problem.

Mrs. JOHNSON of Connecticut. I thank the gentleman. I know from talking to him and his wife that his wife helped these kids learn how to be smart shoppers, how to clean, how to do laundry, how to stretch money, how

to do all those things about budgeting and managing that will make them successful adults, and I thank him and his wife for their contribution to their lives.

Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. HERGER).

Mr. HERGER. Mr. Chairman, I want to take just a moment and recognize both the gentleman from Texas (Mr. ARCHER) and the gentlewoman from Connecticut (Mrs. JOHNSON) for including a provision I have been working on, the Criminal Welfare Prevention Act, part three. As section 204 of the legislation before us today, this common-sense provision, which I first introduced last Congress and have reintroduced this year, would require the Social Security Administration to share its prisoner data base with other Federal departments and agencies, such as the Department of Agriculture, Education, Labor and Veterans' Affairs, to help prevent the continued payment of fraudulent benefits to prisoners.

Since the enactment of my original Criminal Welfare Prevention Act as part of the welfare reform of 1996, the Social Security Administration's prisoner database has become an extremely effective tool in detecting and cutting off fraudulent SSI and Social Security benefits that would otherwise go to prisoners. In fact, according to Social Security Administration's inspector general, that provision will help save taxpayers \$3.46 billion through the year 2001. It not only makes sense to require SSA to share this improved prisoner database with other agencies to help prevent further inmate fraud; after all, taxpayers already foot the bill for prisoners' food, clothing and shelter. The last thing we need to do is send in monthly bonus checks as well.

I look forward to seeing this provision enacted into law, and I urge all of my colleagues on both sides of the aisle to support this worthy legislation.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Chairman, I thank my colleague from Connecticut, the chairwoman of the subcommittee, for the time.

I salute Members on both sides of the aisle who have brought forth this common-sense, bipartisan legislation, and I would simply direct the committee's attention to the special needs reflected in the Sixth Congressional District of Arizona and indeed throughout a portion of our Nation that has come to be called Indian country. As the Representative of the Sixth Congressional District of Arizona, one in every four of my constituents is Native American, and during consideration of this bill, our committee adopted a tribal welfare amendment that would aid tribal communities in fulfilling their duty to serve Indian foster children and the underprivileged.

In the initial language of H.R. 1802, a requirement was that States inform

tribes of the services available, and that is an improvement over current law that remains silent with reference to the role of tribal governments, but our amendment strengthens the provision by requiring States to consult with tribes about the development of independent living services rather than simply informing tribes of such services. It also requires that the States make an effort to coordinate with tribes in providing these services.

This reaffirms something that we have come to acknowledge as basic truth here in the last part of the 20th century, that those closest to the problem can help identify it and help solve it. Tribes are in the best position to know the needs of Indian children and of possible local resources available for assistance, and this amendment is a first step in recognizing the level of communication and coordination that is necessary for the provision of independent living services.

One other point. Under current welfare law, States have unlimited authority to carry over unobligated funds under the heading of temporary assistance to needy families, the acronym known as TANF, and the second provision in my amendment would allow tribes likewise to carry over unobligated tribal TANF moneys, and this would allow tribes greater flexibility and is very important that the foster children of the first Americans not remain forgotten, and I salute the committee and those on both sides of the aisle who have taken that step.

Again I ask for passage of this important piece of legislation.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I am greatly encouraged to see this bill, and I want to thank the gentlewoman from Connecticut (Mrs. JOHNSON). H.R. 1802 helps our children in need to make a smooth transition from foster home to independence. The investment we make in these young adults will have long-term positive results. I have three children of my own. I cannot imagine just because they turn 18, it does not mean that a child is ready for independence.

We in the Congress have a responsibility to equip foster children who stay in foster care until they are 18, so I think the gentlewoman's bill is excellent. By helping these young people to have a more successful transition to independent adulthood, we lessen the likelihood that they will drop out of school, become unemployed, turn to crime and/or, more importantly, face homelessness again.

School completion, gainful and lawful employment and safe and stable housing should not be out of the reach to young people for whom the government has taken the responsibility to raise after their family is found unable to do so. We need to treat these children as we would treat our own, for indeed, my colleagues, these are our own.

These children have been through some tough situations that most of us could never understand, and for us to close a door of assistance at 18, I think, is not correct. I encourage my colleagues to support this bill and provide the necessary help to these needy young adults.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 1 minute to the gentleman from Arizona (Mr. KOLBE).

Mr. KOLBE. Mr. Chairman, I thank the gentlewoman for yielding this time to me.

Sixteen years ago a young man showed up on my doorstep of myself and my then wife, and he had been in long-term foster care. I had met him in a high school while I was visiting there. He literally had no place to turn at that point. The foster care system dumped him out, he just turned 18, he had no place to go. We were able to help him, to take him in, to help provide an education, to get him started with a job, and, as a result, he has gone on to be an enormously successful executive today.

But I think of his experience and how many young people did not have someplace to turn and the problems that they have, because surely when a young person turns 18, a young man, a young woman turns 18, they are not ready completely to be independent. They need some assistance, they need some help, and this legislation, and I commend the gentlewoman for bringing this legislation to us, is exactly what we need to help these young people get on their own feet and to be able to go forward.

This is the kind of legislation that we must have if we are going to provide these young people with the opportunity to go forward with their lives. For many of them, it is the lack of an education, it is the lack of job training, and they suddenly find themselves turned out by the system. It is a cold day when they turn 18 and the system says we no longer have any responsibility and we no longer have any legal ability to help them. This changes that. This makes it possible for us to help these young people get started, and I believe with this legislation we will be able to assist young people to get a start in the world, to become productive tax-paying citizens and citizens that we can all be very proud of.

Mr. CARDIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I urge my colleagues to support H.R. 1802.

Mr. Chairman, I yield my remaining 1½ minutes to the gentlewoman from Connecticut (Mrs. JOHNSON), and I yield back the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I thank the gentlewoman and the gentleman for yielding the time, and, Mr. Chairman, I rise in very strong support of the Foster Care Independence Act.

I want to thank my good friend and colleague, the gentlewoman from Connecticut (Mrs. JOHNSON), for introducing it and my good friend from the great State of Maryland, with whom I have served for many years in the Maryland Legislature as well as here in Congress (Mr. CARDIN), for initiating such important changes in our foster care system.

We know that there are approximately 20,000 young people who leave foster care each year, and this legislation is going to enable more foster care youth to make a successful transition to independent adulthood, and without these improvements foster care children, many of them, may continue to suffer from disproportionately low rates of school completion, employment, poor medical care, high rates of victimization, and homelessness.

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I know that in looking at the record, the Committee on Ways and Means Subcommittee on Human Resources found evidence in Wisconsin that in the 12 to 18 months after leaving the foster care system, 37 percent had not completed high school, 50 percent were not employed, 44 percent had problems obtaining the proper medical care, and 37 percent had been victimized sexually, incarcerated, or homeless during that period.

So this act is going to provide, for the first time, the continued attention and support to the young people who are truly our responsibility and who need our support. They will be able to gain education, vocational or career development training, as well as mentoring programs that they need to succeed.

Mr. Chairman, the transition into adulthood is not easy for any child, and those children who do not have the benefit of family should be shown that they are not alone. I urge that we look to our Nation's children and support this bill. I also think the manager's amendment adds a great deal more to the bill.

I am also pleased that recognition is given to Filipino veterans of WWII who served with the U.S. Armed Forces by expanding the provision to allow them to receive SSI benefits at a reduced rate if they moved back to the Philippines.

It also enhances the bill to require states to certify they train prospective foster parents before a child is placed with them.

Let's give our nation's children a better chance at success and pass the Foster Care Independence Act.

Mr. BLILEY. Mr. Chairman, I rise in strong support of H.R. 1802, the Foster Care Independence Act of 1999. This bill will provide a needed leg-up for foster children who face many barriers trying to get ahead in their young lives.

The legislation gives the States greater flexibility and additional funding for operating the Foster Care Independent Living Program, and in so doing will help foster children in their transition out of the foster care system.

This bill meets a real need. Foster children often face great challenges overcoming the

fact that their birth parents were unwilling or unable to care for them. Statistics show that this can lead to costly mental health and substance abuse problems. The available studies on foster children indicate that they have health care costs that may be two to five times higher than other children on Medicaid, primarily due to a greater need for mental health services.

I think this small but significant measure will also provide additional financial security and peace of mind for the parents of foster kids who are concerned about their welfare. We should do what we can to ease the burden of parents who want to provide a loving home for these children in need.

Mr. Chairman, I believe providing temporary Medicaid assistance to these young adults as they try to establish their independence and become productive members of society addresses a growing need. The Congressional Budget Office estimates that in 1998, there were 65,000 former foster kids between the ages of 18 and 21. CBO expects this number to increase to 80,000 by the year 2004. While many of these young adults are still eligible for Medicaid based on other eligibility criteria, about 40 percent are not.

This bill does not require states to expand their Medicaid programs to former foster kids. But this bill provides added incentive for states to target former foster kids for assistance. In fact, the CBO estimates that H.R. 1802 will increase enrollment for Medicaid health coverage to at least 24,000 former foster kids ages 18, 19 and 20.

Mr. Chairman, H.R. 1802 was referred to the Commerce Committee because of the Medicaid provisions. The Committee discharged this popular, bipartisan bill without formal consideration in order to expedite the process and bring this bill to the floor. I did so with the understanding that the Commerce Committee will have a seat at the table during future conference negotiations with the other body on this legislation.

Again, I'm pleased to support this measure today. Foster children are dealt a difficult hand in life and should have every opportunity to succeed as they move into adulthood. For those who need our help, I believe we are doing the right thing by providing this temporary assistance. I urge all my colleagues to support the passage of this important measure.

Ms. ROYBAL-ALLARD. Mr. Chairman, I am delighted to support H.R. 1802, which will allow World War II Filipino veterans who receive Supplemental Security Income (SSI) to move back to the Philippines and take a portion of these benefits with them.

This long overdue and humanitarian gesture will allow many of these elderly and ailing Filipino veterans to return to their home country, reunite with their families and continue to receive the benefits they deserve.

Our Filipino veterans fought with the understanding that they had earned the right to receive the same compensation and benefits given to other men and women who served our country during World War II. To the shame of our nation, this promise was never honored. Today's vote is a small step to correct this injustice and recognize these men as true heroes.

In the South Pacific, Filipino soldiers fought alongside American soldiers in some of the bloodiest battles of the war. For almost four

years, during the most intense and strategically important phases of World War II, more than 200,000 Filipinos fought side-by-side with Allied forces.

It is my hope that the Senate will follow the House's lead so that we can sign this bill into law as soon as possible. But we still have much more to do—we need to once and for all restore full benefits for the Filipino veterans residing in this country in the same manner as furnished to our other U.S. veterans. I look forward to working with my colleagues in the House and Senate to erase this black mark on our country's history.

Mr. BILIRAKIS. Mr. Chairman, I rise today in support of H.R. 1802, the Foster Care Independence Act. I would first like to thank my colleagues, the gentlelady from Connecticut, Mrs. JOHNSON, and the gentleman from Maryland, Mr. CARDIN, for championing this bill and bringing it so swiftly to the floor of the House.

Mr. Chairman, each year the foster care system emancipates approximately 20,000 youth—with expectations of self-sufficiency. Unfortunately, the woefully inadequate Independent Living Program has not equipped many of these individuals with necessary life skills. The consequences of this inadequate program have meant that many young adults leave the foster care system with serious lifelong problems such as: alcoholism, homelessness, lack of employment stability, incarceration, and pregnancy at early age.

The Foster Care Independence Act increases flexibility for States to structure their programs to meet the unique needs of their foster care population. In addition to increased flexibility, the bill doubles the funding available for Independent Living Programs. The bill also assures that participants in the Independent Living Programs receive job and vocational training, education assistance, and other valuable services by requiring States to demonstrate the success of these programs.

In addition, this bill extends health services to foster care youth by allowing States to expand their Medicaid programs to foster care youth ages 18–20. Currently, many young people leaving foster care at age 18 lose their health care coverage, at a time in which they may need this coverage the most. Studies have indicated that health care costs for foster care children are two to five times greater than other children on Medicaid. This is primarily due to a greater need for mental health services. H.R. 1802 provides added incentives for States to expand their coverage to emancipated foster care youth, giving them access to needed health care services.

I thank my colleagues for their swift action on this bill and strongly support its passage.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today in support of H.R. 1802 the Foster Care Independence Act of 1999.

An estimated 20,000 young people leave foster care at age 18 each year with no formal connections to family; they have not been returned to their birth families or adopted. Federal and state financial support for these young people ends just as they are making the critical transition to independence.

Without the emotional, social, and financial support that families provide, many of these youth are not adequately prepared for life on their own.

The federal Independent Living Program currently provides \$70 million a year to states for services for youths ages 16 and older in

foster care, including help obtaining a high school diploma, GED, or vocational training, and providing life skills training, counseling and other social services. Funding must end when they reach 18, or 19 if they are expected to graduate from high school by then. In some states, these activities are supplemented by investments from other public entities and/or the private sector. In Texas, for example, the state college system provides free tuition for youths aging out of foster care. In other communities, businesses offer mentoring and jobs for youths preparing to leave care. The Bridges for Independence Program, a public private partnership in Los Angeles County, offers a full array of housing, education, employment and life skills support for youths who have exited from foster care. Young people who have spent time in foster care also are extremely effective advocates for independent living in a number of states.

This bipartisan bill will increase the likelihood that many of the 20,000 children who leave foster care at age 18 or 19 each year with no formal connection to families will find the stability and supports they need to succeed. While the 1997 Adoption and Safe Families Act will offer all young people in foster care permanent homes more quickly in the future, we must not ignore the needs of young people who are currently being discharged from care and left to fend for themselves.

Without the emotional, social, and financial support that families provide, many of these youths are not adequately prepared for life on their own. Evidence from a careful study in Wisconsin of a group of young people leaving foster care found that: 12 to 18 months after leaving care, 37% had not yet completed high school, 50% were not employed, 44% had a problem obtaining medical care, despite their mental health needs, and 37% of the group had been seriously physically victimized, sexually assaulted, raped, incarcerated or homeless during that period.

H.R. 1802 increases funds to states to assist youths to make the transition from foster care to independent living.

Federal funding for the Independent Living Program is doubled from \$70 million to \$140 million a year. Funds can be used to help youths make the transition from foster care to self-sufficiency by offering them the education, vocational and employment training necessary to obtain employment and/or prepare for post secondary education, training in daily living skills, substance abuse prevention, pregnancy prevention, and preventive health activities, and connections to dedicated adults.

States must contribute a 20 percent state match for Independent Living Program funds.

States must use federal training funds (authorized by Title IV–E of the Social Security Act) to help foster parents, group home workers, and case managers address issues confronting adolescents preparing for independent living.

H.R. 1802 recognizes the need for special help for youths ages 18 to 21 who have left foster care.

States must use some portion of their funds for assistance and services for older youths who have left foster care but have not reached age 21.

States can use up to 30 percent of their Independent Living Program funds for room and board for youths ages 18 to 21 who have left foster care.

H.R. 1802 helps older youths transitioning from foster care have access to needed health and mental health services.

States may extend Medicaid coverage to youths transitioning from foster care who have attained age 18 but not 21, or to a subset of this population.

H.R. 1802 offers states greater flexibility in designing their independent living programs.

H.R. 1802 establishes accountability for states in implementing the independent living programs.

The Secretary of Health and Human Services, in consultation with state and local officials, child welfare advocates, members of Congress, researchers, and others must develop outcome measures to assess state performance and data elements necessary to track how many children are receiving services, what they are receiving, and state performance on outcomes.

States should coordinate the independent living funds with other funding sources for similar services.

States are subject to penalty if they misuse funds or fail to submit required data on state performance.

\$2.1 million is set aside for a national evaluation and for technical assistance to states in assisting youth's transitioning from foster care.

Mr. Chairman, I ask my colleagues to vote yes for H.R. 1802 so that these foster children will have the opportunity to become productive citizens of this country.

Mr. CAMP. Mr. Chairman, I rise in strong support of what our bill today seeks to accomplish.

I want to thank Chairman NANCY JOHNSON for her leadership on this very important bill. I was very proud to be a part of our efforts to revamp the Foster Care system when this House passed the Adoption and Safe Families Act two years ago. And our efforts are paying off—preliminary numbers show that adoptions of foster children have increased 40 percent since 1995.

But this bill takes the next step—it recognizes that no matter how hard we work, some kids will turn 18 in foster care. They'll "age out" of the foster care system without a network of family and loved ones to turn to. And the evidence our Subcommittee has heard suggests these kids often have a very tough time. Up to two-thirds of the 18-year olds don't even complete high school or get a GED.

The bill's provisions to help our young people who age out of foster care are very strong. Our Subcommittee has worked very hard to get bipartisan and widespread agreement on the best ways to do this.

I believe it's important, however, to raise some concerns about how we pay for this bill today. I firmly believe that increases in one human services program should not come at the expense of another critical program. The bill repeals the "hold harmless" provision that was a part of the welfare reform law.

In a nutshell, the "hold harmless" provision in current law ensures that if, in a given year, the states do not reach their 1995 level of child support collections, the federal government will hold them harmless and provide funds to make up for the state shortfalls.

But repeal of "hold harmless" points to a bigger issue—the commitments that we have made to the states as a part of the welfare reform effort. Welfare reform is a partnership, between the Federal Government and all 50

states. Two issues are central to that commitment:

First, this was a promise, I fear that this sets a bad precedent, and other promises that this Congress has made to the states in welfare will erode. We've seen it already, with the issue of administrative expenses for TANF funding. We're seeing it again today, and if we're not careful, we'll see it again tomorrow on another issue.

Second, the states have made budget decisions for their entire human services budgets based on the promises they've been made—it's an interlocking and complex web, and pulling back from our financial commitment in one area is going to require the states to make up that shortfall in other ways.

I applaud our Subcommittee Chairman for her efforts to help these 20,000 children coming out of the foster care system each year. I also applaud her for the important efforts she's made in her Manager's Amendment, to allow at least a partial "hold harmless" payment to states that share more of their child support collections with families.

Today I will support this bill, for the important ways it helps our nation's foster care children. But I would strongly urge the Chairman and others to continue to seek other ways to pay for the provisions in our bill, as the process moves forward.

Mrs. MINK of Hawaii. Mr. Chairman, I rise to express my support for H.R. 1802, the Foster Care Independence Act of 1999. I commend you for bringing this legislation to the Floor.

I am particularly pleased that this bill will allow all U.S. Veterans who decide to move out of the country, to continue receiving a portion of their SSI benefits. Although when H.R. 1802 passed out of committee, this section was intended to provide special recognition to certain World War II Filipino Veterans who served under the U.S. flag and were abandoned by the U.S. government soon after the war ended, I certainly do support expanding this provision to include all U.S. Veterans.

Nonetheless, I still think the United States must uphold the promises it made to Filipino Veterans who served under the U.S. flag while the Republic of the Philippines was a possession of the United States. The Philippines was a United States possession from 1898, when it was ceded from Spain following the Spanish-American War, until Independence in 1946.

With the impending threat of World War II, on July 26, 1941, President Roosevelt, by executive order brought the Philippine Commonwealth Army into the service of the U.S. Army Forces of the Far East. Subsequently, the U.S. Army took over responsibility for supply and pay of the Philippine Commonwealth Army. Five months later on December 7, 1941, the Japanese attacked Pearl Harbor in Hawaii and Clark Airfield in the Philippines. Despite the fall of the Philippines to Japan in 1942, resistance efforts by organized Filipino soldier and guerrilla groups led by the United States Commanders, continued throughout the Japanese occupation of the Philippines. These brave resistance efforts slowed the Japanese advance and bought the U.S. the precious time it needed to rebuild the Pacific Fleet.

There are four groups of Filipino nationals who are entitled to all or some of the benefits to which U.S. veterans are entitled: 1. Filipinos who served in the regular components of the U.S. Armed Forces; 2. Those who enlisted in

the Filipino-manned units of the U.S. Army prior to October 6, 1945, known as Old Scouts; 3. Those who enlisted in the U.S. Armed Forces between October 6, 1945, and June 30, 1947, known as New Scouts; and Members of the Philippine Commonwealth Army who on July 26, 1941, were called into the service of the U.S. Armed Forces. This group also includes guerrilla resistance units that were recognized by the U.S. Army.

Filipinos residing in the U.S. who were in the first two groups mentioned, the regular components of U.S. Armed Forces and in the Old Scouts, are eligible for outpatient care, hospital care, and nursing home care for their service-connected disabilities and nonservice-connected disabilities, on the same basis as any U.S. veteran. Contract care for these services is also authorized for these groups. They are also entitled to: service-connected compensation and dependents' education benefits; nonservice-connected pension; and both service-connected and nonservice-connected burial benefits, life insurance and the home loan program.

Filipinos residing in the U.S. who were however in the second two groups, the New Scouts and the Philippine Commonwealth Army, are only eligible for outpatient, hospital, and nursing home care for service-connected disabilities and within the limits of the DVA facilities. They are not eligible for contract care for these services. Both groups are also eligible for service-connected compensation and dependents' education benefits at half the rate provided to other U.S. veterans. Both groups are eligible for both service and nonservice connected life insurance but only members of the Commonwealth Army are eligible for service-connected burial benefits and neither are eligible for nonservice-connected burial benefits.

Despite the Old Scouts, New Scouts, Commonwealth Army and U.S. Armed Forces fighting side by side all under U.S. command and while the Philippines was a U.S. possession, their benefits and recognition by the U.S. Government vary significantly. It is time that we provide all of these veterans the recognition they deserve.

Historical records show that many U.S. Government officials, in their official capacities, publicly conveyed that these Filipino Veterans should be entitled to full U.S. Veterans' benefits. General MacArthur broadcast numerous radio messages recommending that members of the Philippine Commonwealth Army be paid the same as members of the U.S. Army. The War Department reported to General MacArthur that the New Filipino Scouts were entitled to all benefits, including the G.I. Bill of Rights and VA benefits. General Omar Bradley, as Director of the VA, advised the Senate Appropriations Committee that the term "veterans" included Philippine Commonwealth Army veterans. Finally President Truman "took exception" to the provision in Public Law 79-301 which limited benefits for Commonwealth Army veterans and initiated an intergovernmental committee to examine opportunities for restoring benefits to these veterans. These documented statements provide sound evidence that Filipino soldiers were led to believe they would be entitled to full U.S. Veterans benefits after their service.

Despite the heroism and sacrifices of these valiant soldiers who served under the U.S. flag, the U.S. turned its back on them denying

them the benefits and more importantly, the honor, that they had fought for, deserved and earned. It is time the United States make good on its promises. H.R. 1802 is a step in the right direction as it will enable all U.S. Veterans, including many of these WWII Filipino Veterans who are now living in or near poverty in the U.S., to keep part of their SSI benefits if they choose to live in another country.

I am pleased to support H.R. 1802 and I am delighted that we are extending these additional benefits to our veterans, but we must not rest until those WWII Filipino Veterans, whom the U.S. has neglected for so many years, receive the benefits and honor they deserve.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute recommended by the Committee on Ways and Means is considered as an original bill for the purpose of amendment under the 5-minute rule and is considered read.

The text of the committee amendment in the nature of a substitute is as follows:

#### H.R. 1802

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

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Foster Care Independence Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM

##### Subtitle A—Improved Independent Living Program

Sec. 101. Improved independent living program.

##### Subtitle B—Related Foster Care Provision

Sec. 111. Increase in amount of assets allowable for children in foster care.

##### Subtitle C—Medicaid Amendments

Sec. 121. State option of medicaid coverage for adolescents leaving foster care.

#### TITLE II—SSI FRAUD PREVENTION

##### Subtitle A—Fraud Prevention and Related Provisions

Sec. 201. Liability of representative payees for overpayments to deceased recipients.

Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.

Sec. 203. Additional debt collection practices.

Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.

Sec. 205. Rules relating to collection of overpayments from individuals convicted of crimes.

Sec. 206. Treatment of assets held in trust under the SSI program.

Sec. 207. Disposal of resources for less than fair market value under the SSI program.

Sec. 208. Administrative procedure for imposing penalties for false or misleading statements.

Sec. 209. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.

Sec. 210. State data exchanges.

Sec. 211. Study on possible measures to improve fraud prevention and administrative processing.

Sec. 212. Annual report on amounts necessary to combat fraud.

Sec. 213. Computer matches with medicare and medicaid institutionalization data.

Sec. 214. Access to information held by financial institutions.

##### Subtitle B—Benefits for Filipino Veterans of World War II

Sec. 251. Provision of reduced SSI benefit to certain individuals who provided service to the Armed Forces of the United States in the Philippines during World War II after they move back to the Philippines.

#### TITLE III—CHILD SUPPORT

Sec. 301. Elimination of enhanced matching for laboratory costs for paternity establishment.

Sec. 302. Elimination of hold harmless provision for State share of distribution of collected child support.

#### TITLE IV—TECHNICAL CORRECTIONS

Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

#### TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM

##### Subtitle A—Improved Independent Living Program

SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.

(a) FINDINGS.—The Congress finds the following:

(1) States are required to make reasonable efforts to find adoptive families for all children, including older children, for whom reunification with their biological family is not in the best interests of the child. However, some older children will continue to live in foster care. These children should be enrolled in an Independent Living program designed and conducted by State and local government to help prepare them for employment, postsecondary education, and successful management of adult responsibilities.

(2) About 20,000 adolescents leave the Nation's foster care system each year because they have reached 18 years of age and are expected to support themselves.

(3) Congress has received extensive information that adolescents leaving foster care have significant difficulty making a successful transition to adulthood; this information shows that children aging out of foster care show high rates of homelessness, non-marital childbearing, poverty, and delinquent or criminal behavior; they are also frequently the target of crime and physical assaults.

(4) The Nation's State and local governments, with financial support from the Federal Government, should offer an extensive program of education, training, employment, and financial support for young adults leaving foster care, with participation in such program beginning several years before high school graduation and continuing, as needed, until the young adults emancipated from foster care establish independence or reach 21 years of age.

(b) IMPROVED INDEPENDENT LIVING PROGRAM.—Section 477 of the Social Security Act (42 U.S.C. 677) is amended to read as follows:

##### "SEC. 477. INDEPENDENT LIVING PROGRAM.

"(a) PURPOSE.—The purpose of this section is to provide States with flexible funding that will enable programs to be designed and conducted—

"(1) to identify children who are likely to remain in foster care until 18 years of age and to design programs that help these children make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, and substance abuse prevention;

"(2) to help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;

"(3) to help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;

"(4) to provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults; and

"(5) to provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency.

##### "(b) APPLICATIONS.—

"(1) IN GENERAL.—A State may apply for funds from its allotment under subsection (c) for a period of 5 consecutive fiscal years by submitting to the Secretary, in writing, a plan that meets the requirements of paragraph (2) and the certifications required by paragraph (3) with respect to the plan.

"(2) STATE PLAN.—A plan meets the requirements of this paragraph if the plan specifies which State agency or agencies will administer, supervise, or oversee the programs carried out under the plan, and describes how the State intends to do the following:

"(A) Design and deliver programs to achieve the purposes of this section.

"(B) Ensure that all political subdivisions in the State are served by the program, though not necessarily in a uniform manner.

"(C) Ensure that the programs serve children of various ages and at various stages of achieving independence.

"(D) Involve the public and private sectors in helping adolescents in foster care achieve independence.

"(E) Use objective criteria for determining eligibility for benefits and services under the programs, and for ensuring fair and equitable treatment of benefit recipients.

"(F) Cooperate in national evaluations of the effects of the programs in achieving the purposes of this section.

"(3) CERTIFICATIONS.—The certifications required by this paragraph with respect to a plan are the following:

"(A) A certification by the chief executive officer of the State that the State will provide assistance and services to children who have left foster care but have not attained 21 years of age.

"(B) A certification by the chief executive officer of the State that not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care and have attained 18 years of age but not 21 years of age.

"(C) A certification by the chief executive officer of the State that none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.

"(D) A certification by the chief executive officer of the State that the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of

the public at least 30 days to submit comments on the plan.

“(E) A certification by the chief executive officer of the State that the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth, especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974.

“(F) A certification by the chief executive officer of the State that each Indian tribe in the State has been informed about the programs to be carried out under the plan; that each such tribe has been given an opportunity to comment on the plan before submission to the Secretary; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.

“(G) A certification by the chief executive officer of the State that the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

“(4) APPROVAL.—The Secretary shall approve an application submitted by a State pursuant to paragraph (1) for a period if—

“(A) the application is submitted on or before June 30 of the calendar year in which such period begins;

“(B) the Secretary finds that the application contains the material required by paragraph (1); and

“(C) all children in the State who have left foster care and have attained 18 years of age but not 21 years of age are eligible for medical assistance under the State plan approved under title XIX.

“(5) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS; NOTIFICATION.—A State with an application approved under paragraph (4) may implement any amendment to the plan contained in the application if the application, incorporating the amendment, would be approvable under paragraph (4). Within 30 days after a State implements any such amendment, the State shall notify the Secretary of the amendment.

“(6) AVAILABILITY.—The State shall make available to the public any application submitted by the State pursuant to paragraph (1), and a brief summary of the plan contained in the application.

“(c) ALLOTMENTS TO STATES.—

“(1) IN GENERAL.—From the amount specified in subsection (h) that remains after applying subsection (g)(2) for a fiscal year, the Secretary shall allot to each State with an application approved under subsection (b) for the fiscal year the amount which bears the same ratio to such remaining amount as the number of children in foster care under a program of the State in the most recent fiscal year for which such information is available bears to the total number of children in foster care in all States for such most recent fiscal year.

“(2) HOLD HARMLESS PROVISION.—The Secretary shall ratably reduce the allotments made to States pursuant to paragraph (1) for a fiscal year to the extent necessary to ensure that the amount allotted to each State under paragraph (1) and this paragraph for the fiscal year is not less than the amount payable to the State under this section (as in effect before the enactment of the Foster Care Independence Act of 1999) for fiscal year 1998.

“(3) REALLOTMENT OF UNUSED FUNDS.—The Secretary shall use the formula provided in paragraph (1) of this subsection to reallocate among the States with applications approved under subsection (b) for a fiscal year any amount allotted to a State under this sub-

section for the preceding year that is not payable to the State for the preceding year.

“(d) USE OF FUNDS.—

“(1) IN GENERAL.—A State to which an amount is paid from its allotment under subsection (c) may use the amount in any manner that is reasonably calculated to accomplish the purposes of this section.

“(2) NO SUPPLANTATION OF OTHER FUNDS AVAILABLE FOR SAME GENERAL PURPOSES.—The amounts paid to a State from its allotment under subsection (c) shall be used to supplement and not supplant any other funds which are available for the same general purposes in the State.

“(e) PENALTIES.—

“(1) USE OF GRANT IN VIOLATION OF THIS PART.—If the Secretary is made aware, by an audit conducted under chapter 75 of title 31, United States Code, or by any other means, that a program receiving funds from an allotment made to a State under subsection (c) has been operated in a manner that is inconsistent with, or not disclosed in the State application approved under subsection (b), the Secretary shall assess a penalty against the State in an amount equal to not less than 1 percent and not more than 5 percent of the amount of the allotment.

“(2) FAILURE TO COMPLY WITH DATA REPORTING REQUIREMENT.—The Secretary shall assess a penalty against a State that fails during a fiscal year to comply with an information collection plan implemented under subsection (f) in an amount equal to not less than 1 percent and not more than 5 percent of the amount allotted to the State for the fiscal year.

“(3) PENALTIES BASED ON DEGREE OF NON-COMPLIANCE.—The Secretary shall assess penalties under this subsection based on the degree of noncompliance.

“(f) DATA COLLECTION AND PERFORMANCE MEASUREMENT.—

“(1) IN GENERAL.—The Secretary, in consultation with State and local public officials responsible for administering independent living and other child welfare programs, child welfare advocates, members of Congress, youth service providers, and researchers, shall—

“(A) develop outcome measures (including measures of educational attainment, employment, avoidance of dependency, homelessness, nonmarital childbirth, and high-risk behaviors) that can be used to assess the performance of States in operating independent living programs;

“(B) identify data elements needed to track—

“(i) the number and characteristics of children receiving services under this section;

“(ii) the type and quantity of services being provided; and

“(iii) State performance on the outcome measures; and

“(C) develop and implement a plan to collect the needed information beginning with the 2nd fiscal year beginning after the date of the enactment of this section.

“(2) REPORT TO THE CONGRESS.—Within 12 months after the date of the enactment of this section, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the plans and timetable for collecting from the States the information described in paragraph (1).

“(g) EVALUATIONS.—

“(1) IN GENERAL.—The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of any such program shall include information on the effects of the program on education, employment, and personal development. To the

maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.

“(2) FUNDING OF EVALUATIONS.—The Secretary shall reserve 1.5 percent of the amount specified in subsection (h) for a fiscal year to carry out, during the fiscal year, evaluation, technical assistance, performance measurement, and data collection activities related to this section, directly or through grants, contracts, or cooperative agreements with appropriate entities.

“(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated to the Secretary \$140,000,000 for each fiscal year.”

“(c) PAYMENTS TO STATES.—Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

“(4) the lesser of—

“(A) 80 percent of the amount (if any) by which—

“(i) the total amount expended by the State during the fiscal year in which the quarter occurs to carry out programs in accordance with the State application approved under section 477(b) for the period in which the quarter occurs (including any amendment that meets the requirements of section 477(b)(5)); exceeds

“(ii) the total amount of any penalties assessed against the State under section 477(e) during the fiscal year in which the quarter occurs; or

“(B) the amount allotted to the State under section 477 for the fiscal year in which the quarter occurs, reduced by the total of the amounts payable to the State under this paragraph for all prior quarters in the fiscal year.”

(d) REGULATIONS.—Not later than 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue such regulations as may be necessary to carry out the amendments made by this section.

#### Subtitle B—Related Foster Care Provision

#### SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: “In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B)), as so in effect) have a combined value of not more than \$10,000 shall be considered to be a child whose resources have a combined value of not more than \$1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).”

#### Subtitle C—Medicaid Amendments

#### SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR ADOLESCENTS LEAVING FOSTER CARE.

(a) IN GENERAL.—Title XIX of the Social Security Act is amended—

(1) in section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii))—

(A) by striking “or” at the end of subclause (XII);

(B) by adding “or” at the end of subclause (XIV); and

(C) by adding at the end the following new subclause:

“(XV) who are independent foster care adolescents (as defined in (section 1905(v)(1)), or who are within any reasonable categories of such adolescents specified by the State;” and

(2) by adding at the end of section 1905 (42 U.S.C. 1396d) the following new subsection:

“(v)(1) For purposes of this title, the term ‘independent foster care adolescent’ means an individual—

“(A) who is under 21 years of age;

“(B) who, on the individual’s 18th birthday, was in foster care under the responsibility of a State; and

“(C) whose assets, resources, and income do not exceed such levels (if any) as the State may establish consistent with paragraph (2).

“(2) The levels established by a State under paragraph (1)(C) may not be less than the corresponding levels applied by the State under section 1931(b).

“(3) A State may limit the eligibility of independent foster care adolescents under section 1902(a)(10)(A)(ii)(XV) to those individuals with respect to whom foster care maintenance payments or independent living services were furnished under a program funded under part E of title IV before the date the individuals attained 18 years of age.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to medical assistance for items and services furnished on or after October 1, 1999.

## TITLE II—SSI FRAUD PREVENTION

### Subtitle A—Fraud Prevention and Related Provisions

#### SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR OVERPAYMENTS TO DECEASED RECIPIENTS.

(a) AMENDMENT TO TITLE II.—Section 204(a)(2) of the Social Security Act (42 U.S.C. 404(a)(2)) is amended by adding at the end the following new sentence: “If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual’s death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.”

(b) AMENDMENT TO TITLE XVI.—Section 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amended by adding at the end the following new sentence: “If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual’s death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to overpayments made 12 months or more after the date of the enactment of this Act.

#### SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS FROM LUMP SUM SSI BENEFIT PAYMENTS.

(a) IN GENERAL.—Section 1631(b)(1)(B)(ii) of the Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is amended—

(1) by inserting “monthly” before “benefit payments”; and

(2) by inserting “and in the case of an individual or eligible spouse to whom a lump sum is payable under this title (including under section 1616(a) of this Act or under an agreement entered into under section 212(a) of Public Law 93-66) shall, as at least one means of recovering such overpayment, make the adjustment or recovery from the lump sum payment in an amount equal to not less than the lesser of the amount of the overpayment or 50 percent of the lump sum payment,” before “unless fraud”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect 12

months after the date of the enactment of this Act and shall apply to amounts incorrectly paid which remain outstanding on or after such date.

#### SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.

(a) IN GENERAL.—Section 1631(b) of the Social Security Act (42 U.S.C. 1383(b)) is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following:

“(4)(A) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, all as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

“(B) For purposes of subparagraph (A), the term ‘delinquent amount’ means an amount—

“(i) in excess of the correct amount of payment under this title;

“(ii) paid to a person after such person has attained 18 years of age; and

“(iii) determined by the Commissioner of Social Security, under regulations, to be otherwise unrecoverable under this section after such person ceases to be a beneficiary under this title.”

(b) CONFORMING AMENDMENTS.—Section 3701(d)(2) of title 31, United States Code, is amended by striking “section 204(f)” and inserting “sections 204(f) and 1631(b)(4)”.

(c) TECHNICAL AMENDMENTS.—Section 204(f) of the Social Security Act (42 U.S.C. 404(f)) is amended—

(1) by striking “3711(e)” and inserting “3711(f)”; and

(2) by inserting “all” before “as in effect”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to debt outstanding on or after the date of the enactment of this Act.

#### SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER INFORMATION TO FEDERAL AND FEDERALLY ASSISTED BENEFIT PROGRAMS.

Section 1611(e)(1)(I)(ii)(II) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking “is authorized to” and inserting “shall”.

#### SEC. 205. RULES RELATING TO COLLECTION OF OVERPAYMENTS FROM INDIVIDUALS CONVICTED OF CRIMES.

(a) WAIVERS INAPPLICABLE TO OVERPAYMENTS BY REASON OF PAYMENT IN MONTHS IN WHICH BENEFICIARY IS A PRISONER OR A FUGITIVE.—

(1) AMENDMENT TO TITLE II.—Section 204(b) of the Social Security Act (42 U.S.C. 404(b)) is amended—

(A) by inserting “(1)” after “(b)”; and

(B) by adding at the end the following:

“(2) Paragraph (1) shall not apply with respect to any payment to any person made during a month in which such benefit was not payable under section 202(x).”

(2) AMENDMENT TO TITLE XVI.—Section 1631(b)(1)(B)(i) of such Act (42 U.S.C. 1383(b)(1)(B)(i)) is amended by inserting “unless (I) section 1611(e)(1) prohibits payment to the person of a benefit under this title for the month by reason of confinement of a type described in clause (i) or (ii) of section 202(x)(1)(A), or (II) section 1611(e)(5) prohibits payment to the person of a benefit under this title for the month,” after “administration of this title”.

(b) 10-YEAR PERIOD OF INELIGIBILITY FOR PERSONS FAILING TO NOTIFY COMMISSIONER OF OVERPAYMENTS IN MONTHS IN WHICH BENEFICIARY IS A PRISONER OR A FUGITIVE OR FAILING TO COMPLY WITH REPAYMENT SCHEDULE FOR SUCH OVERPAYMENTS.—

(1) AMENDMENT TO TITLE II.—Section 202(x) of such Act (42 U.S.C. 402(x)) is amended by adding at the end the following:

“(4)(A) No person shall be considered entitled to monthly insurance benefits under this section based on the person’s disability or to disability insurance benefits under section 223 otherwise payable during the 10-year period that begins on the date the person—

“(i) knowingly fails to timely notify the Commissioner of Social Security, in connection with any application for benefits under this title, of any prior receipt by such person of any benefit under this title or title XVI in any month in which such benefit was not payable under the preceding provisions of this subsection, or

“(ii) knowingly fails to comply with any schedule imposed by the Commissioner which is for repayment of overpayments comprised of payments described in subparagraph (A) and which is in compliance with section 204.

“(B) The Commissioner of Social Security shall, in addition to any other relevant factors, take into account any mental or linguistic limitations of a person (including any lack of facility with the English language) in determining whether the person has knowingly failed to comply with a requirement of clause (i) or (ii) of subparagraph (A).”

(2) AMENDMENT TO TITLE XVI.—Section 1611(e)(1) of such Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following:

“(J)(i) A person shall not be considered an eligible individual or eligible spouse for purposes of benefits under this title by reason of disability, during the 10-year period that begins on the date the person—

“(I) knowingly fails to timely notify the Commissioner of Social Security, in an application for benefits under this title, of any prior receipt by the person of a benefit under this title or title II in a month in which payment to the person of a benefit under this title was prohibited by—

“(aa) the preceding provisions of this paragraph by reason of confinement of a type described in clause (i) or (ii) of section 202(x)(1)(A); or

“(bb) section 1611(e)(4); or

“(II) knowingly fails to comply with any schedule imposed by the Commissioner which is for repayment of overpayments comprised of payments described in clause (i) of this subparagraph and which is in compliance with section 1631(b).

“(ii) The Commissioner of Social Security shall, in addition to any other relevant factors, take into account any mental or linguistic limitations of a person (including any lack of facility with the English language) in determining whether the person has knowingly failed to comply with a requirement of subclause (I) or (II) of clause (i).”

#### (c) CONTINUED COLLECTION EFFORTS AGAINST PRISONERS.—

(1) AMENDMENT TO TITLE II.—Section 204(b) of such Act (42 U.S.C. 404(b)), as amended by subsection (a)(1) of this section, is amended further by adding at the end the following new paragraph:

“(3) The Commissioner shall not refrain from recovering overpayments from resources currently available to any overpaid person or to such person’s estate solely because such individual is confined as described in clause (i) or (ii) of section 202(x)(1)(A).”

(2) AMENDMENT TO TITLE XVI.—Section 1631(b)(1)(A) of such Act (42 U.S.C. 1383(b)(1)(A)) is amended by adding after and below clause (ii) the following flush left sentence:

"The Commissioner shall not refrain from recovering overpayments from resources currently available to any individual solely because the individual is confined as described in clause (i) or (ii) of section 202(x)(1)(A)."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to overpayments made in, and to benefits payable for, months beginning 24 months or more after the date of the enactment of this Act.

**SEC. 206. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM.**

(a) TREATMENT AS RESOURCE.—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

**"Trusts**

"(e)(1) In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual.

"(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual's spouse) are transferred to the trust other than by will.

"(B) In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual's spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual's spouse).

"(C) This subsection shall apply to a trust without regard to—

"(i) the purposes for which the trust is established;

"(ii) whether the trustees have or exercise any discretion under the trust;

"(iii) any restrictions on when or whether distributions may be made from the trust; or

"(iv) any restrictions on the use of distributions from the trust.

"(3)(A) In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.

"(B) In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual or the individual's spouse, the portion of the corpus from which payment to or for the benefit of the individual or the individual's spouse could be made shall be considered a resource available to the individual.

"(4) The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commissioner determines that such application would work an undue hardship (as determined on the basis of criteria established by the Commissioner) on the individual.

"(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

"(6) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

"(B) the term 'corpus' means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

"(C) the term 'asset' includes any income or resource of the individual or of the individual's spouse, including—

"(i) any income excluded by section 1612(b);

"(ii) any resource otherwise excluded by this section; and

"(iii) any other payment or property to which the individual or the individual's spouse is entitled but does not receive or have access to because of action by—

"(I) the individual or spouse;

"(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

"(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse."

(b) TREATMENT AS INCOME.—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following:

"(C) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2000, and shall apply to trusts established on or after such date.

**SEC. 207. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM.**

(a) IN GENERAL.—Section 1613(c) of the Social Security Act (42 U.S.C. 1382b(c)) is amended—

(1) in the caption, by striking "Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on";

(2) in paragraph (1)—

(A) in subparagraph (A)—

(i) by inserting "paragraph (1) and" after "provisions of";

(ii) by striking "title XIX" the first place it appears and inserting "this title and title XIX, respectively";

(iii) by striking "subparagraph (B)" and inserting "clause (ii)";

(iv) by striking "paragraph (2)" and inserting "subparagraph (B)";

(B) in subparagraph (B)—

(i) by striking "by the State agency"; and

(ii) by striking "section 1917(c)" and all that follows and inserting "paragraph (1) or section 1917(c)"; and

(C) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) in paragraph (2)—

(A) by striking "(2)" and inserting "(B)"; and

(B) by striking "paragraph (1)(B)" and inserting "subparagraph (A)(ii)";

(4) by striking "(c)(1)" and inserting "(2)(A)"; and

(5) by inserting before paragraph (2) (as so redesignated by paragraph (4) of this subsection) the following:

"(c)(1)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

"(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

"(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

"(iii) The date described in this clause is the first day of the first month in or after which resources were disposed of for less than fair market value and which does not

occur in any other period of ineligibility under this paragraph.

"(iv) The number of months calculated under this clause shall be equal to—

"(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

"(II) the amount of the maximum monthly benefit payable under section 1611(b), plus the amount (if any) of the maximum State supplementary payment corresponding to the State's payment level applicable to the individual's living arrangement and eligibility category that would otherwise be payable to the individual by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66, for the month in which occurs the date described in clause (ii)(II),

rounded, in the case of any fraction, to the nearest whole number, but shall not in any case exceed 36 months.

"(B)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

"(ii) In the case of a trust established by an individual or an individual's spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual; or

"(II) no payment could under any circumstance be made to the individual,

then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual's spouse as of the date of the payment or foreclosure, as the case may be.

"(C) An individual shall not be ineligible for benefits under this title by reason of the application of this paragraph to a disposal of resources by the individual or the spouse of the individual, to the extent that—

"(i) the resources are a home and title to the home was transferred to—

"(I) the spouse of the transferor;

"(II) a child of the transferor who has not attained 21 years of age, or is blind or disabled;

"(III) a sibling of the transferor who has an equity interest in such home and who was residing in the transferor's home for a period of at least 1 year immediately before the date the transferor becomes an institutionalized individual; or

"(IV) a son or daughter of the transferor (other than a child described in subclause (II)) who was residing in the transferor's home for a period of at least 2 years immediately before the date the transferor becomes an institutionalized individual, and who provided care to the transferor which permitted the transferor to reside at home rather than in such an institution or facility;

"(ii) the resources—

"(I) were transferred to the transferor's spouse or to another for the sole benefit of the transferor's spouse;

"(II) were transferred from the transferor's spouse to another for the sole benefit of the transferor's spouse;

"(III) were transferred to, or to a trust (including a trust described in section

1917(d)(4) established solely for the benefit of, the transferor's child who is blind or disabled; or

"(IV) were transferred to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of an individual who has not attained 65 years of age and who is disabled;

"(iii) a satisfactory showing is made to the Commissioner of Social Security (in accordance with regulations promulgated by the Commissioner) that—

"(I) the individual who disposed of the resources intended to dispose of the resources either at fair market value, or for other valuable consideration;

"(II) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

"(III) all resources transferred for less than fair market value have been returned to the transferor; or

"(iv) the Commissioner determines, under procedures established by the Commissioner, that the denial of eligibility would work an undue hardship as determined on the basis of criteria established by the Commissioner.

"(D) For purposes of this subsection, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by the individual when any action is taken, either by the individual or by any other person, that reduces or eliminates the individual's ownership or control of such resource.

"(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual's spouse if the spouse becomes eligible for benefits under this title.

"(F) For purposes of this paragraph—

"(i) the term 'benefits under this title' includes payments of the type described in section 1616(a) of this Act and of the type described in section 212(b) of Public Law 93-66;

"(ii) the term 'institutionalized individual' has the meaning given such term in section 1917(e)(3); and

"(iii) the term 'trust' has the meaning given such term in subsection (e)(6)(A) of this section."

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to disposals made on or after the date of enactment of this Act.

#### SEC. 208. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129 the following:

##### "SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.

"(a) IN GENERAL.—Any person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to or the amount of—

"(1) monthly insurance benefits under title II; or

"(2) benefits or payments under title XVI, that the person knows or should know is false or misleading or knows or should know omits a material fact or makes such a statement with knowing disregard for the truth shall be subject to, in addition to any other penalties that may be prescribed by law, a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.

"(b) PENALTY.—The penalty described in this subsection is—

"(1) nonpayment of benefits under title II that would otherwise be payable to the person; and

"(2) ineligibility for cash benefits under title XVI.

for each month that begins during the applicable period described in subsection (c).

"(c) DURATION OF PENALTY.—The duration of the applicable period, with respect to a determination by the Commissioner under subsection (a) that a person has engaged in conduct described in subsection (a), shall be—

"(1) 6 consecutive months, in the case of a first such determination with respect to the person;

"(2) 12 consecutive months, in the case of a second such determination with respect to the person; and

"(3) 24 consecutive months, in the case of a third or subsequent such determination with respect to the person.

"(d) EFFECT ON OTHER ASSISTANCE.—A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of—

"(1) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

"(2) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

"(e) DEFINITION.—In this section, the term 'benefits under title XVI' includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

"(f) CONSULTATIONS.—The Commissioner of Social Security shall consult with the Inspector General of the Social Security Administration regarding initiating actions under this section."

(b) CONFORMING AMENDMENT PRECLUDING DELAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Section 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B)) is amended—

(1) by striking "and" at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting ", and"; and

(3) by adding at the end the following:

"(iii) such individual was not subject to a penalty imposed under section 1129A."

(c) ELIMINATION OF REDUNDANT PROVISION.—Section 1611(e) of such Act (42 U.S.C. 1382(e)) is amended—

(1) by striking paragraph (4);

(2) in paragraph (6)(A)(i), by striking "(5)" and inserting "(4)"; and

(3) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(d) REGULATIONS.—Within 6 months after the date of the enactment of this Act, the Commissioner of Social Security shall develop regulations that prescribe the administrative process for making determinations under section 1129A of the Social Security Act (including when the applicable period in subsection (c) of such section shall commence), and shall provide guidance on the exercise of discretion as to whether the penalty should be imposed in particular cases.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to statements and representations made on or after the date of the enactment of this Act.

#### SEC. 209. EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301-1320b-17) is amended by adding at the end the following:

##### "EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS

"SEC. 1148. (a) IN GENERAL.—The Commissioner of Social Security shall exclude from participation in the social security programs any representative or health care provider—

"(1) who is convicted of a violation of section 208 or 1632 of this Act,

"(2) who is convicted of any violation under title 18, United States Code, relating to an initial application for or continuing entitlement to, or amount of, benefits under title II of this Act, or an initial application for or continuing eligibility for, or amount of, benefits under title XVI of this Act, or

"(3) who the Commissioner determines has committed an offense described in section 1129(a)(1) of this Act.

"(b) NOTICE, EFFECTIVE DATE, AND PERIOD OF EXCLUSION.—(1) An exclusion under this section shall be effective at such time, for such period, and upon such reasonable notice to the public and to the individual excluded as may be specified in regulations consistent with paragraph (2).

"(2) Such an exclusion shall be effective with respect to services furnished to any individual on or after the effective date of the exclusion. Nothing in this section may be construed to preclude, in determining disability under title II or title XVI, consideration of any medical evidence derived from services provided by a health care provider before the effective date of the exclusion of the health care provider under this section.

"(3)(A) The Commissioner shall specify, in the notice of exclusion under paragraph (1), the period of the exclusion.

"(B) Subject to subparagraph (C), in the case of an exclusion under subsection (a), the minimum period of exclusion shall be five years, except that the Commissioner may waive the exclusion in the case of an individual who is the sole source of essential services in a community. The Commissioner's decision whether to waive the exclusion shall not be reviewable.

"(C) In the case of an exclusion of an individual under subsection (a) based on a conviction or a determination described in subsection (a)(3) occurring on or after the date of the enactment of this section, if the individual has (before, on, or after such date of enactment) been convicted, or if such a determination has been made with respect to the individual—

"(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years, or

"(ii) on 2 or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.

"(c) NOTICE TO STATE AGENCIES.—The Commissioner shall promptly notify each appropriate State agency employed for the purpose of making disability determinations under section 221 or 1633(a)—

"(1) of the fact and circumstances of each exclusion effected against an individual under this section, and

"(2) of the period (described in subsection (b)(3)) for which the State agency is directed to exclude the individual from participation in the activities of the State agency in the course of its employment.

“(d) NOTICE TO STATE LICENSING AGENCIES.—The Commissioner shall—

“(1) promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of an individual excluded from participation under this section of the fact and circumstances of the exclusion.

“(2) request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy, and

“(3) request that the State or local agency or authority keep the Commissioner and the Inspector General of the Social Security Administration fully and currently informed with respect to any actions taken in response to the request.

“(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—(1) Any individual who is excluded (or directed to be excluded) from participation under this section is entitled to reasonable notice and opportunity for a hearing thereon by the Commissioner to the same extent as is provided in section 205(b), and to judicial review of the Commissioner's final decision after such hearing as is provided in section 205(g).

“(2) The provisions of section 205(h) shall apply with respect to this section to the same extent as it is applicable with respect to title II.

“(f) APPLICATION FOR TERMINATION OF EXCLUSION.—(1) An individual excluded from participation under this section may apply to the Commissioner, in the manner specified by the Commissioner in regulations and at the end of the minimum period of exclusion provided under subsection (b)(3) and at such other times as the Commissioner may provide, for termination of the exclusion effected under this section.

“(2) The Commissioner may terminate the exclusion if the Commissioner determines, on the basis of the conduct of the applicant which occurred after the date of the notice of exclusion or which was unknown to the Commissioner at the time of the exclusion, that—

“(A) there is no basis under subsection (a) for a continuation of the exclusion, and

“(B) there are reasonable assurances that the types of actions which formed the basis for the original exclusion have not recurred and will not recur.

“(3) The Commissioner shall promptly notify each State agency employed for the purpose of making disability determinations under section 221 or 1633(a) of the fact and circumstances of each termination of exclusion made under this subsection.

“(g) AVAILABILITY OF RECORDS OF EXCLUDED REPRESENTATIVES AND HEALTH CARE PROVIDERS.—Nothing in this section shall be construed to have the effect of limiting access by any applicant or beneficiary under title II or XVI, any State agency acting under section 221 or 1633(a), or the Commissioner to records maintained by any representative or health care provider in connection with services provided to the applicant or beneficiary prior to the exclusion of such representative or health care provider under this section.

“(h) REPORTING REQUIREMENT.—Any representative or health care provider participating in, or seeking to participate in, a social security program shall inform the Commissioner, in such form and manner as the Commissioner shall prescribe by regulation, whether such representative or health care provider has been convicted of a violation described in subsection (a).

“(i) DELEGATION OF AUTHORITY.—The Commissioner may delegate authority granted by this section to the Inspector General.

“(j) DEFINITIONS.—For purposes of this section:

“(1) EXCLUDE.—The term ‘exclude’ from participation means—

“(A) in connection with a representative, to prohibit from engaging in representation of an applicant for, or recipient of, benefits, as a representative payee under section 205(j) or 1631(a)(2)(A)(ii), or otherwise as a representative, in any hearing or other proceeding relating to entitlement to benefits, and

“(B) in connection with a health care provider, to prohibit from providing items or services to an applicant for, or recipient of, benefits for the purpose of assisting such applicant or recipient in demonstrating disability.

“(2) SOCIAL SECURITY PROGRAM.—The term ‘social security programs’ means the program providing for monthly insurance benefits under title II, and the program providing for monthly supplemental security income benefits to individuals under title XVI (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66).

“(3) CONVICTED.—An individual is considered to have been ‘convicted’ of a violation—

“(A) when a judgment of conviction has been entered against the individual by a Federal, State, or local court, except if the judgment of conviction has been set aside or expunged;

“(B) when there has been a finding of guilt against the individual by a Federal, State, or local court;

“(C) when a plea of guilty or nolo contendere by the individual has been accepted by a Federal, State, or local court; or

“(D) when the individual has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to convictions of violations described in paragraphs (1) and (2) of section 1148(a) of the Social Security Act and determinations described in paragraph (3) of such section occurring on or after the date of the enactment of this Act.

#### SEC. 210. STATE DATA EXCHANGES.

Whenever the Commissioner of Social Security requests information from a State for the purpose of ascertaining an individual's eligibility for benefits (or the correct amount of such benefits) under title II or XVI of the Social Security Act, the standards of the Commissioner promulgated pursuant to section 1106 of such Act or any other Federal law for the use, safeguarding, and disclosure of information are deemed to meet any standards of the State that would otherwise apply to the disclosure of information by the State to the Commissioner.

#### SEC. 211. STUDY ON POSSIBLE MEASURES TO IMPROVE FRAUD PREVENTION AND ADMINISTRATIVE PROCESSING.

(a) STUDY.—As soon as practicable after the date of the enactment of this Act, the Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration and the Attorney General, shall conduct a study of possible measures to improve—

(1) prevention of fraud on the part of individuals entitled to disability benefits under section 223 of the Social Security Act or benefits under section 202 of such Act based on the beneficiary's disability, individuals eligible for supplemental security income benefits under title XVI of such Act, and applicants for any such benefits; and

(2) timely processing of reported income changes by individuals receiving such benefits.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report that contains the results of the Commissioner's study under subsection (a). The report shall contain such recommendations for legislative and administrative changes as the Commissioner considers appropriate.

#### SEC. 212. ANNUAL REPORT ON AMOUNTS NECESSARY TO COMBAT FRAUD.

(a) IN GENERAL.—Section 704(b)(1) of the Social Security Act (42 U.S.C. 904(b)(1)) is amended—

(1) by inserting “(A)” after “(b)(1)”; and

(2) by adding at the end the following new subparagraph:

“(B) The Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) an itemization of the amount of funds required by the Social Security Administration for the fiscal year covered by the budget to support efforts to combat fraud committed by applicants and beneficiaries.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to annual budgets prepared for fiscal years after fiscal year 1999.

#### SEC. 213. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA.

(a) IN GENERAL.—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)), as amended by section 205(b)(2) of this Act, is further amended by adding at the end the following:

“(K) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary of Health and Human Services under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician's certification otherwise required under subparagraph (G)(i).”

(b) CONFORMING AMENDMENT.—Section 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is amended by striking “subparagraph (H)” and inserting “subparagraph (H) or (K)”.

#### SEC. 214. ACCESS TO INFORMATION HELD BY FINANCIAL INSTITUTIONS.

Section 1631(e)(1)(B) of the Social Security Act (42 U.S.C. 1383(e)(1)(B)) is amended—

(1) by striking “(B) The” and inserting “(B)(i) The”; and

(2) by adding at the end the following new clause:

“(ii)(I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

"(II) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subclause (I) of this clause shall remain effective until the earliest of—

"(aa) the rendering of a final adverse decision on the applicant's application for eligibility for benefits under this title;

"(bb) the cessation of the recipient's eligibility for benefits under this title; or

"(cc) the express revocation by the applicant or recipient (or such other person referred to in subclause (I)) of the authorization, in a written notification to the Commissioner.

"(III)(aa) An authorization obtained by the Commissioner of Social Security pursuant to this clause shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

"(bb) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this clause.

"(cc) A request by the Commissioner pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

"(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

"(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title."

#### Subtitle B—Benefits for Filipino Veterans of World War II

#### SEC. 251. PROVISION OF REDUCED SSI BENEFIT TO CERTAIN INDIVIDUALS WHO PROVIDED SERVICE TO THE ARMED FORCES OF THE UNITED STATES IN THE PHILIPPINES DURING WORLD WAR II AFTER THEY MOVE BACK TO THE PHILIPPINES.

(a) IN GENERAL.—Notwithstanding sections 1611(f)(1) and 1614(a)(1)(B)(i) of the Social Security Act and sections 401 and 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the eligibility of a qualified individual for benefits under the supplemental security income program under title XVI of the Social Security Act shall not terminate by reason of a change in the place of residence of the individual to the Philippines.

(b) BENEFIT AMOUNT.—Notwithstanding subsections (a) and (b) of section 1611 of the Social Security Act, the benefit payable under the supplemental security income program to a qualified individual for any month throughout which the individual resides in the Philippines shall be in an amount equal to 75 percent of the Federal benefit rate under title XVI of such Act for the month, reduced (after disregard of the amount specified in section 1612(b)(2)(A) of such Act) by the amount of the qualified individual's benefit income for the month.

(c) DEFINITIONS.—In this section:

(1) QUALIFIED INDIVIDUAL.—The term "qualified individual" means an individual who—

(A) as of the date of the enactment of this Act, is eligible for benefits under the supplemental security income program under title XVI of the Social Security Act on the basis of an application filed before such date;

(B) before August 15, 1945, served in the organized military forces of the Government of the Commonwealth of the Philippines while such forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among such military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent military authority in the Army of the United States; and

(C) has not been removed from the United States pursuant to section 237(a) of the Immigration and Nationality Act.

(2) FEDERAL BENEFIT RATE.—The term "Federal benefit rate" means, with respect to a month, the amount of the cash benefit (not including any State supplementary payment which is paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of the Social Security Act or section 212(b) of Public Law 93-66) payable for the month to an eligible individual with no income.

(3) BENEFIT INCOME.—The term "benefit income" means any recurring payment received by a qualified individual as an annuity, pension, retirement, or disability benefit (including any veterans' compensation or pension, workmen's compensation payment, old-age, survivors, or disability insurance benefit, railroad retirement annuity or pension, and unemployment insurance benefit), but only if a similar payment was received by the individual from the same (or a related) source during the 12-month period preceding the month in which the individual changes his place of residence from the United States to the Philippines.

(d) EFFECTIVE DATE.—This section shall be effective with respect to supplemental security income benefits payable for months beginning after the date that is 1 year after the date of the enactment of this Act, or such earlier date that the Commissioner of Social Security determines is administratively feasible.

#### TITLE III—CHILD SUPPORT

#### SEC. 301. ELIMINATION OF ENHANCED MATCHING FOR LABORATORY COSTS FOR PATERNITY ESTABLISHMENT.

(a) IN GENERAL.—Section 455(a)(1) of the Social Security Act (42 U.S.C. 655(a)(1)) is amended by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C).

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1999.

#### SEC. 302. ELIMINATION OF HOLD HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT.

(a) IN GENERAL.—Section 457 of the Social Security Act (42 U.S.C. 657) is amended—

(1) in subsection (a), by striking "subsections (e) and (f)" and inserting "subsections (d) and (e)";

(2) by striking subsection (d);

(3) in subsection (e), by striking the 2nd sentence; and

(4) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1999.

#### TITLE IV—TECHNICAL CORRECTIONS

#### SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMENDMENTS MADE BY THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) Section 402(a)(1)(B)(iv) of the Social Security Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking "Act" and inserting "section".

(b) Section 409(a)(7)(B)(i)(II) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by striking "part" and inserting "section".

(c) Section 413(g)(1) of the Social Security Act (42 U.S.C. 613(g)(1)) is amended by striking "Act" and inserting "section".

(d) Section 413(i)(1) of the Social Security Act (42 U.S.C. 613(i)(1)) is amended by striking "part" and inserting "section".

(e) Section 416 of the Social Security Act (42 U.S.C. 616) is amended by striking "Opportunity Act" and inserting "Opportunity Reconciliation Act" each place such term appears.

(f) Section 431(a)(6) of the Social Security Act (42 U.S.C. 629a(a)(6)) is amended—

(1) by inserting " , as in effect before August 22, 1986" after "482(i)(5)"; and

(2) by inserting " , as so in effect" after "482(i)(7)(A)".

(g) Sections 452(a)(7) and 466(c)(2)(A)(i) of the Social Security Act (42 U.S.C. 652(a)(7) and 666(c)(2)(A)(i)) are each amended by striking "Social Security" and inserting "social security".

(h) Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(1) by striking " , or" at the end of each of paragraphs (6)(E)(i) and (19)(B)(i) and inserting " ; or";

(2) in paragraph (9), by striking the comma at the end of each of subparagraphs (A), (B), (C) and inserting a semicolon; and

(3) by striking " , and" at the end of each of paragraphs (19)(A) and (24)(A) and inserting " ; and".

(i) Section 454(24)(B) of the Social Security Act (42 U.S.C. 654(24)(B)) is amended by striking "Opportunity Act" and inserting "Opportunity Reconciliation Act".

(j) Section 344(b)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (110 Stat. 2236) is amended to read as follows:

"(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

"(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and"; and"

(k) Section 457(a)(2)(B)(i)(I) of the Social Security Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking "Act Reconciliation" and inserting "Reconciliation Act".

(l) Section 457 of the Social Security Act (42 U.S.C. 657) is amended by striking "Opportunity Act" each place it appears and inserting "Opportunity Reconciliation Act".

(m) Section 466(a)(7) of the Social Security Act (42 U.S.C. 666(a)(7)) is amended by striking "1681a(f)" and inserting "1681a(f)".

(n) Section 466(b)(6)(A) of the Social Security Act (42 U.S.C. 666(b)(6)(A)) is amended by striking "state" and inserting "State".

(o) Section 471(a)(8) of the Social Security Act (42 U.S.C. 671(a)(8)) is amended by striking "(including activities under part F)".

(p) Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b-7(a)(3)) is amended by striking "453A(a)(2)(B)(iii)" and inserting "453A(a)(2)(B)(ii)".

(q) The amendments made by this section shall take effect as if included in the enactment of the Personal Responsibility and

Work Opportunity Reconciliation Act of 1996.

The CHAIRMAN. No amendment shall be in order except those printed in House Report 106-199. Each amendment may be offered only in the order printed in the Report, may be offered only by a Member designated in the RECORD, shall be considered read, debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided the time for voting on the first question shall be a minimum of 15 minutes.

It is now in order to consider amendment No. 1 printed in House Report 106-199.

AMENDMENT NO. 1 OFFERED BY MRS. JOHNSON  
OF CONNECTICUT

Mrs. JOHNSON of Connecticut. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mrs. JOHNSON of Connecticut:

In section 1(b) of the bill, in the table of contents, after the item relating to section 121, insert the following:

Subtitle D—Adoption Incentive Payments

Sec. 131. Increased funding for adoption incentive payments.

In section 1(b) of the bill, in the table of contents, strike the item relating to subtitle B of title II and the item relating to section 251, and insert the following:

Subtitle B—Special Benefits For Certain  
World War II Veterans

Sec. 251. Establishment of program of special benefits for certain World War II veterans.

In section 1(b) of the bill, in the table of contents, strike the item relating to section 301 and insert the following:

Sec. 301. Narrowing of hold harmless provision for state share of distribution of collected child support.

In section 477(a)(1) of the Social Security Act, as proposed to be added by section 101(b) of the bill, strike "design programs that".

In section 477(b)(3)(A) of the Social Security Act, as proposed to be added by section 101(b) of the bill, strike "but" and insert "because they have attained 18 years of age, and who".

In section 477(b)(3)(A) of the Social Security Act, as proposed to be added by section 101(b) of the bill, strike "and have attained 18 years of age but not" and insert "because they have attained 18 years of age, and who have not attained".

In section 477(c)(1) of the Social Security Act, as proposed to be added by section 101(b) of the bill, insert ", as adjusted in accordance with paragraph (2)" before the period.

In section 477(c) of the Social Security Act, as proposed to be added by section 101(b) of the bill, strike paragraph (2) and insert the following:

"(2) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—The Secretary shall allot to each State whose allotment for a fiscal year under paragraph (1) is less than the amount payable to the State under this section for fiscal year 1998 an additional amount equal to the difference."

"(B) RATABLE REDUCTION OF CERTAIN ALLOTMENTS.—In the case of a State not described in subparagraph (A) for a fiscal year, the Secretary shall reduce the amount allotted to the State for the fiscal year under paragraph (1) by the amount that bears the same ratio to the sum of the differences determined under subparagraph (A) for the fiscal year as the amount so allotted bears to the sum of the amounts allotted to all States not so described.

In section 477(c) of the Social Security Act, as proposed to be added by section 101(b) of the bill, strike paragraph (3).

At the end of section 477(d) of the Social Security Act, as proposed to be added by section 101(b) of the bill, add the following:

"(3) 2-YEAR AVAILABILITY OF FUNDS.—Payments made to a State under this section for a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year."

At the end of title I of the bill, insert the following:

Subtitle D—Adoption Incentive Payments  
SEC. 131. INCREASED FUNDING FOR ADOPTION  
INCENTIVE PAYMENTS.

(a) SUPPLEMENTAL GRANTS.—Section 473A of the Social Security Act (42 U.S.C. 673b) is amended by adding at the end the following:

"(j) SUPPLEMENTAL GRANTS.—

"(1) IN GENERAL.—Subject to the availability of such amounts as may be provided in advance in appropriations Acts, in addition to any amount otherwise payable under this section to any State that is an incentive-eligible State for fiscal year 1998, the Secretary shall make a grant to the State in an amount equal to the lesser of—

"(A) the amount by which—

"(i) the amount that would have been payable to the State under this section during fiscal year 1999 (on the basis of adoptions in fiscal year 1998) in the absence of subsection (d)(2) if sufficient funds had been available for the payment; exceeds

"(ii) the amount that, before the enactment of this subsection, was payable to the State under this section during fiscal year 1999 (on such basis); or

"(B) the amount that bears the same ratio to the dollar amount specified in paragraph (2) as the amount described by subparagraph (A) for the State bears to the aggregate of the amounts described by subparagraph (A) for all States that are incentive-eligible States for fiscal year 1998.

"(2) FUNDING.—\$23,000,000 of the amounts appropriated under subsection (h)(1) for fiscal year 2000 may be used for grants under paragraph (1) of this subsection."

(b) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—Section 473A(h)(1) of the Social Security Act (42 U.S.C. 673b(h)(1)) is amended to read as follows:

"(1) IN GENERAL.—For grants under subsection (a), there are authorized to be appropriated to the Secretary—

"(A) \$20,000,000 for fiscal year 1999;

"(B) \$43,000,000 for fiscal year 2000; and

"(C) \$20,000,000 for each of fiscal years 2001 through 2003."

In section 206 of the bill, redesignate subsection (c) as subsection (d) and insert after subsection (b) the following:

(c) CONFORMING AMENDMENTS.—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by adding "and" at the end of subparagraph (F); and

(3) by inserting after subparagraph (F) the following:

"(G) that, in applying eligibility criteria of the supplemental security income program under title XVI for purposes of determining eligibility for medical assistance under the State plan of an individual who is not receiving supplemental security income, the State will disregard the provisions of section 1613(e)";

In section 207 of the bill, redesignate subsection (b) as subsection (c) and insert after subsection (a) the following:

(b) CONFORMING AMENDMENT.—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)), as amended by section 206(c) of this Act, is amended by striking "section 1613(e)" and inserting "subsections (c) and (e) of section 1613".

Strike subtitle B of title II of the bill and insert the following:

Subtitle B—Special Benefits For Certain  
World War II Veterans

SEC. 251. ESTABLISHMENT OF PROGRAM OF SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS.

(a) IN GENERAL.—The Social Security Act is amended by inserting after title VII the following:

"TITLE VIII—SPECIAL BENEFITS FOR  
CERTAIN WORLD WAR II VETERANS

"TABLE OF CONTENTS

"Sec. 801. Basic entitlement to benefits.

"Sec. 802. Qualified individuals.

"Sec. 803. Residence outside the United States.

"Sec. 804. Disqualifications.

"Sec. 805. Benefit amount.

"Sec. 806. Applications and furnishing of information.

"Sec. 807. Representative payees.

"Sec. 808. Overpayments and underpayments.

"Sec. 809. Hearings and review.

"Sec. 810. Other administrative provisions.

"Sec. 811. Penalties for fraud.

"Sec. 812. Definitions.

"Sec. 813. Appropriations.

"SEC. 801. BASIC ENTITLEMENT TO BENEFITS.

"Every individual who is a qualified individual under section 802 shall, in accordance with and subject to the provisions of this title, be entitled to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or such earlier month, if the Commissioner determines is administratively feasible) the individual resides outside the United States.

"SEC. 802. QUALIFIED INDIVIDUALS.

"Except as otherwise provided in this title, an individual—

"(1) who has attained the age of 65 on or before the date of the the enactment of this title;

"(2) who is a World War II veteran;

"(3) who is eligible for a supplemental security income benefit under title XVI for—

"(A) the month in which this title is enacted, and

"(B) the month in which the individual files an application for benefits under this title;

"(4) whose total benefit income is less than 75 percent of the Federal benefit rate under title XVI;

"(5) who has filed an application for benefits under this title; and

"(6) who is in compliance with all requirements imposed by the Commissioner of Social Security under this title, shall be a qualified individual for purposes of this title.

"SEC. 803. RESIDENCE OUTSIDE THE UNITED STATES.

For purposes of section 801, with respect to any month, an individual shall be regarded

as residing outside the United States if, on the first day of the month, the individual so resides outside the United States.

**SEC. 804. DISQUALIFICATIONS.**

"Notwithstanding section 802, an individual may not be a qualified individual for any month—

"(1) that begins after the month in which the Commissioner of Social Security is notified by the Attorney General that the individual has been removed from the United States pursuant to section 237(a) of the Immigration and Nationality Act and before the month in which the Commissioner of Social Security is notified by the Attorney General that the individual is lawfully admitted to the United States for permanent residence;

"(2) during any part of which the individual is outside the United States due to flight to avoid prosecution, or custody or confinement after conviction, under the laws of the United States or the jurisdiction within the United States from which the person has fled, for a crime, or an attempt to commit a crime, that is a felony under the laws of the place from which the individual has fled, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

"(3) during any part of which the individual violates a condition of probation or parole imposed under Federal or State law; or

"(4) during any part of which the individual is confined in a jail, prison, or other penal institution or correctional facility pursuant to a conviction of an offense.

**SEC. 805. BENEFIT AMOUNT.**

"The benefit under this title payable to a qualified individual for any month shall be in an amount equal to 75 percent of the Federal benefit rate under title XVI for the month, reduced by the amount of the qualified individual's benefit income for the month.

**SEC. 806. APPLICATIONS AND FURNISHING OF INFORMATION.**

"(a) **IN GENERAL.**—The Commissioner of Social Security shall, subject to subsection (b), prescribe such requirements with respect to the filing of applications, the furnishing of information and other material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

"(b) **VERIFICATION REQUIREMENT.**—The requirements prescribed by the Commissioner of Social Security under subsection (a) shall preclude any determination of entitlement to benefits under this title solely on the basis of declarations by the individual concerning qualifications or other material facts, and shall provide for verification of material information from independent or collateral sources, and the procurement of additional information as necessary in order to ensure that the benefits are provided only to qualified individuals (or their representative payees) in correct amounts.

**SEC. 807. REPRESENTATIVE PAYEES.**

"(a) **IN GENERAL.**—If the Commissioner of Social Security determines that the interest of any qualified individual under this title would be served thereby, payment of the qualified individual's benefit under this title may be made, regardless of the legal competency or incompetency of the qualified individual, either directly to the qualified individual, or for his or her benefit, to another person (the meaning of which term, for purposes of this section, includes an organization) with respect to whom the requirements of subsection (b) have been met (in this section referred to as the qualified individual's 'representative payee'). If the Commissioner

of Social Security determines that a representative payee has misused any benefit paid to the representative payee pursuant to this section, section 205(j), or section 1631(a)(2), the Commissioner of Social Security shall promptly revoke the person's designation as the qualified individual's representative payee under this subsection, and shall make payment to an alternative representative payee or, if the interest of the qualified individual under this title would be served thereby, to the qualified individual.

**(b) EXAMINATION OF FITNESS OF PROSPECTIVE REPRESENTATIVE PAYEE.—**

"(1) Any determination under subsection (a) to pay the benefits of a qualified individual to a representative payee shall be made on the basis of—

"(A) an investigation by the Commissioner of Social Security of the person to serve as representative payee, which shall be conducted in advance of the determination and shall, to the extent practicable, include a face-to-face interview with the person (or, in the case of an organization, a representative of the organization); and

"(B) adequate evidence that the arrangement is in the interest of the qualified individual.

"(2) As part of the investigation referred to in paragraph (1), the Commissioner of Social Security shall—

"(A) require the person being investigated to submit documented proof of the identity of the person;

"(B) in the case of a person who has a social security account number issued for purposes of the program under title II or an employer identification number issued for purposes of the Internal Revenue Code of 1986, verify the number;

"(C) determine whether the person has been convicted of a violation of section 208, 811, or 1632; and

"(D) determine whether payment of benefits to the person in the capacity as representative payee has been revoked or terminated pursuant to this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or title XVI, respectively.

"(c) **REQUIREMENT FOR CENTRALIZED FILE.**—The Commissioner of Social Security shall establish and maintain a centralized file, which shall be updated periodically and which shall be in a form that renders it readily retrievable by each servicing office of the Social Security Administration. The file shall consist of—

"(1) a list of the names and social security account numbers or employer identification numbers (if issued) of all persons with respect to whom, in the capacity of representative payee, the payment of benefits has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or title XVI, respectively; and

"(2) a list of the names and social security account numbers or employer identification numbers (if issued) of all persons who have been convicted of a violation of section 208, 811, or 1632.

**(d) PERSONS INELIGIBLE TO SERVE AS REPRESENTATIVE PAYEES.—**

"(1) **IN GENERAL.**—The benefits of a qualified individual may not be paid to any other person pursuant to this section if—

"(A) the person has been convicted of a violation of section 208, 811, or 1632;

"(B) except as provided in paragraph (2), payment of benefits to the person in the capacity of representative payee has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(ii) by reason of misuse of funds paid as benefits under

this title, title II, or title XVI, respectively; or

"(C) except as provided in paragraph (2)(B), the person is a creditor of the qualified individual and provides the qualified individual with goods or services for consideration.

**(2) EXEMPTIONS.—**

"(A) The Commissioner of Social Security may prescribe circumstances under which the Commissioner of Social Security may grant an exemption from paragraph (1) to any person on a case-by-case basis if the exemption is in the best interest of the qualified individual whose benefits would be paid to the person pursuant to this section.

"(B) Paragraph (1)(C) shall not apply with respect to any person who is a creditor referred to in such paragraph if the creditor is—

"(i) a relative of the qualified individual and the relative resides in the same household as the qualified individual;

"(ii) a legal guardian or legal representative of the individual;

"(iii) a facility that is licensed or certified as a care facility under the law of the political jurisdiction in which the qualified individual resides;

"(iv) a person who is an administrator, owner, or employee of a facility referred to in clause (iii), if the qualified individual resides in the facility, and the payment to the facility or the person is made only after the Commissioner of Social Security has made a good faith effort to locate an alternative representative payee to whom payment would serve the best interests of the qualified individual; or

"(v) a person who is determined by the Commissioner of Social Security, on the basis of written findings and pursuant to procedures prescribed by the Commissioner of Social Security, to be acceptable to serve as a representative payee.

"(C) The procedures referred to in subparagraph (B)(v) shall require the person who will serve as representative payee to establish, to the satisfaction of the Commissioner of Social Security, that—

"(i) the person poses no risk to the qualified individual;

"(ii) the financial relationship of the person to the qualified individual poses no substantial conflict of interest; and

"(iii) no other more suitable representative payee can be found.

**(e) DEFERRAL OF PAYMENT PENDING APPOINTMENT OF REPRESENTATIVE PAYEE.—**

"(1) **IN GENERAL.**—Subject to paragraph (2), if the Commissioner of Social Security makes a determination described in the first sentence of subsection (a) with respect to any qualified individual's benefit and determines that direct payment of the benefit to the qualified individual would cause substantial harm to the qualified individual, the Commissioner of Social Security may defer (in the case of initial entitlement) or suspend (in the case of existing entitlement) direct payment of the benefit to the qualified individual, until such time as the selection of a representative payee is made pursuant to this section.

**(2) TIME LIMITATION.—**

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), any deferral or suspension of direct payment of a benefit pursuant to paragraph (1) shall be for a period of not more than 1 month.

"(B) **EXCEPTION IN THE CASE OF INCOMPETENCY.**—Subparagraph (A) shall not apply in any case in which the qualified individual is, as of the date of the Commissioner of Social Security's determination, legally incompetent under the laws of the jurisdiction in which the individual resides.

**(3) PAYMENT OF RETROACTIVE BENEFITS.—**

Payment of any benefits which are deferred

or suspended pending the selection of a representative payee shall be made to the qualified individual or the representative payee as a single sum or over such period of time as the Commissioner of Social Security determines is in the best interest of the qualified individual.

“(f) HEARING.—Any qualified individual who is dissatisfied with a determination by the Commissioner of Social Security to make payment of the qualified individual's benefit to a representative payee under subsection (a) of this section or with the designation of a particular person to serve as representative payee shall be entitled to a hearing by the Commissioner of Social Security to the same extent as is provided in section 809(a), and to judicial review of the Commissioner of Social Security's final decision as is provided in section 809(b).

“(g) NOTICE REQUIREMENTS.—

“(1) IN GENERAL.—In advance of the payment of a qualified individual's benefit to a representative payee under subsection (a), the Commissioner of Social Security shall provide written notice of the Commissioner's initial determination to so make the payment. The notice shall be provided to the qualified individual, except that, if the qualified individual is legally incompetent, then the notice shall be provided solely to the legal guardian or legal representative of the qualified individual.

“(2) SPECIFIC REQUIREMENTS.—Any notice required by paragraph (1) shall be clearly written in language that is easily understandable to the reader, shall identify the person to be designated as the qualified individual's representative payee, and shall explain to the reader the right under subsection (f) of the qualified individual or of the qualified individual's legal guardian or legal representative—

“(A) to appeal a determination that a representative payee is necessary for the qualified individual;

“(B) to appeal the designation of a particular person to serve as the representative payee of qualified individual; and

“(C) to review the evidence upon which the designation is based and to submit additional evidence.

“(h) ACCOUNTABILITY MONITORING.—

“(1) In any case where payment under this title is made to a person other than the qualified individual entitled to the payment, the Commissioner of Social Security shall establish a system of accountability monitoring under which the person shall report not less often than annually with respect to the use of the payments. The Commissioner of Social Security shall establish and implement statistically valid procedures for reviewing the reports in order to identify instances in which persons are not properly using the payments.

“(2) SPECIAL REPORTS.—Notwithstanding paragraph (1), the Commissioner of Social Security may require a report at any time from any person receiving payments on behalf of a qualified individual, if the Commissioner of Social Security has reason to believe that the person receiving the payments is misusing the payments.

“(3) CENTRALIZED FILE.—The Commissioner of Social Security shall maintain a centralized file, which shall be updated periodically and which shall be in a form that is readily retrievable, of—

“(A) the name, address, and (if issued) the social security account number or employer identification number of each representative payee who is receiving benefit payments pursuant to this section, section 205(j), or section 1631(a)(2); and

“(B) the name, address, and social security account number of each individual for whom each representative payee is reported to be

providing services as representative payee pursuant to this section, section 205(j), or section 1631(a)(2).

“(4) The Commissioner of Social Security shall maintain a list, which shall be updated periodically, of public agencies and community-based nonprofit social service agencies which are qualified to serve as representative payees pursuant to this section and which are located in the jurisdiction in which any qualified individual resides.

“(j) RESTITUTION.—In any case where the negligent failure of the Commissioner of Social Security to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Commissioner of Social Security shall make payment to the qualified individual or the individual's alternative representative payee of an amount equal to the misused benefits. The Commissioner of Social Security shall make a good faith effort to obtain restitution from the terminated representative payee.

“SEC. 808. OVERPAYMENTS AND UNDERPAYMENTS.

“(a) IN GENERAL.—Whenever the Commissioner of Social Security finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, as follows:

“(1) With respect to payment to a person of more than the correct amount, the Commissioner of Social Security shall decrease any payment under this title to which the overpaid person (if a qualified individual) is entitled, or shall require the overpaid person or his or her estate to refund the amount in excess of the correct amount, or, if recovery is not obtained under these two methods, shall seek or pursue recovery by means of reduction in tax refunds based on notice to the Secretary of the Treasury, as authorized under section 3720A of title 31, United States Code.

“(2) With respect to payment of less than the correct amount to a qualified individual who, at the time the Commissioner of Social Security is prepared to take action with respect to the underpayment—

“(A) is living, the Commissioner of Social Security shall make payment to the qualified individual (or the qualified individual's representative payee designated under section 807) of the balance of the amount due the underpaid qualified individual; or

“(B) is deceased, the balance of the amount due shall revert to the general fund of the Treasury.

“(b) WAIVER OF RECOVERY OF OVERPAYMENT.—In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if the Commissioner of Social Security determines that the adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

“(c) LIMITED IMMUNITY FOR DISBURSING OFFICERS.—A disbursing officer may not be held liable for any amount paid by the officer if the adjustment or recovery of the amount is waived under subsection (b), or adjustment under subsection (a) is not completed before the death of the qualified individual against whose benefits deductions are authorized.

“(d) AUTHORIZED COLLECTION PRACTICES.—

“(1) IN GENERAL.—With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(e), 3716, and 3718 of title 31, United States Code, as in effect on October 1, 1994.

“(2) DEFINITION.—For purposes of paragraph (1), the term ‘delinquent amount’ means an amount—

“(A) in excess of the correct amount of the payment under this title; and

“(B) determined by the Commissioner of Social Security to be otherwise unrecoverable under this section from a person who is not a qualified individual under this title.

“SEC. 809. HEARINGS AND REVIEW.

“(a) HEARINGS.—

“(1) IN GENERAL.—The Commissioner of Social Security shall make findings of fact and decisions as to the rights of any individual applying for payment under this title. The Commissioner of Social Security shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a qualified individual and is in disagreement with any determination under this title with respect to entitlement to, or the amount of, benefits under this title, if the individual requests a hearing on the matter in disagreement within 60 days after notice of the determination is received, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing affirm, modify, or reverse the Commissioner of Social Security's findings of fact and the decision. The Commissioner of Social Security may, on the Commissioner of Social Security's own motion, hold such hearings and to conduct such investigations and other proceedings as the Commissioner of Social Security deems necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceeding, the Commissioner may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Commissioner of Social Security even though inadmissible under the rules of evidence applicable to court procedure. The Commissioner of Social Security shall specifically take into account any physical, mental, educational, or linguistic limitation of the individual (including any lack of facility with the English language) in determining, with respect to the entitlement of the individual for benefits under this title, whether the individual acted in good faith or was at fault, and in determining fraud, deception, or intent.

“(2) EFFECT OF FAILURE TO TIMELY REQUEST REVIEW.—A failure to timely request review of an initial adverse determination with respect to an application for any payment under this title or an adverse determination on reconsideration of such an initial determination shall not serve as a basis for denial of a subsequent application for any payment under this title if the applicant demonstrates that the applicant failed to seek such a review acting in good faith reliance upon incorrect, incomplete, or misleading information, relating to the consequences of reapplying for payments in lieu of seeking review of an adverse determination, provided by any officer or employee of the Social Security Administration.

“(3) NOTICE REQUIREMENTS.—In any notice of an adverse determination with respect to which a review may be requested under paragraph (1), the Commissioner of Social Security shall describe in clear and specific language the effect on possible entitlement to benefits under this title of choosing to reapply in lieu of requesting review of the determination.

“(b) JUDICIAL REVIEW.—The final determination of the Commissioner of Social Security after a hearing under subsection (a)(1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Commissioner of Social Security's final determinations under section 205.

“SEC. 810. OTHER ADMINISTRATIVE PROVISIONS.

“(a) REGULATIONS AND ADMINISTRATIVE ARRANGEMENTS.—The Commissioner of Social Security may prescribe such regulations, and

make such administrative and other arrangements, as may be necessary or appropriate to carry out this title.

“(b) PAYMENT OF BENEFITS.—Benefits under this title shall be paid at such time or times and in such installments as the Commissioner of Social Security determines are in the interests of economy and efficiency.

“(c) ENTITLEMENT REDETERMINATIONS.—An individual's entitlement to benefits under this title, and the amount of the benefits, may be redetermined at such time or times as the Commissioner of Social Security determines to be appropriate.

“(d) SUSPENSION OF BENEFITS.—Regulations prescribed by the Commissioner of Social Security under subsection (a) may provide for the temporary suspension of entitlement to benefits under this title as the Commissioner determines is appropriate.

#### “SEC. 811. PENALTIES FOR FRAUD.

“(a) IN GENERAL.—Whoever—

“(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in an application for benefits under this title;

“(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining any right to the benefits;

“(3) having knowledge of the occurrence of any event affecting—

“(A) his or her initial or continued right to the benefits; or

“(B) the initial or continued right to the benefits of any other individual in whose behalf he or she has applied for or is receiving the benefit,

conceals or fails to disclose the event with an intent fraudulently to secure the benefit either in a greater amount or quantity than is due or when no such benefit is authorized; or

“(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts the benefit or any part thereof to a use other than for the use and benefit of the other individual.

Such individual shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

“(b) RESTITUTION BY REPRESENTATIVE PAYEE.—If a person or organization violates subsection (a) in the person's or organization's role as, or in applying to become, a representative payee under section 807 on behalf of a qualified individual, and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to the qualified individual.

#### “SEC. 812. DEFINITIONS.

“In this title:

“(1) WORLD WAR II VETERAN.—The term ‘World War II veteran’ means a person who served during World War II—

“(A) in the active military, naval, or air service of the United States during World War II, and who was discharged or released therefrom under conditions other than dishonorable after service of 90 days or more; or

“(B) in the organized military forces of the Government of the Commonwealth of the Philippines, while the forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among the military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States, in any case in which the service was rendered before December 31, 1946.

“(2) WORLD WAR II.—The term ‘World War II’ means the period beginning on September 16, 1940, and ending on July 24, 1947.

“(3) SUPPLEMENTAL SECURITY INCOME BENEFIT UNDER TITLE XVI.—The term ‘supplemental security income benefit under title XVI’, except as otherwise provided, includes State supplementary payments which are paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

“(4) FEDERAL BENEFIT RATE UNDER TITLE XVI.—The term ‘Federal benefit rate under title XVI’ means, with respect to any month, the amount of the supplemental security income cash benefit (not including any State supplementary payment which is paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66) payable under title XVI for the month to an eligible individual with no income.

“(5) UNITED STATES.—The term ‘United States’ means, notwithstanding section 1101(a)(1), only the 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.

“(6) BENEFIT INCOME.—The term ‘benefit income’ means any recurring payment received by a qualified individual as an annuity, pension, retirement, or disability benefit (including any veterans' compensation or pension, workmen's compensation payment, old-age, survivors, or disability insurance benefit, railroad retirement annuity or pension, and unemployment insurance benefit), but only if a similar payment was received by the individual from the same (or a related) source during the 12-month period preceding the month in which the individual files an application for benefits under this title.

#### “SEC. 813. APPROPRIATIONS.

“There are hereby appropriated for fiscal year 2001 and subsequent fiscal years such sums as may be necessary to carry out this title.”

(b) CONFORMING AMENDMENTS.—

(1) SOCIAL SECURITY TRUST FUNDS LAE ACCOUNT.—Section 201(g) of such Act (42 U.S.C. 401(g)) is amended—

(A) in the 4th sentence of paragraph (1)(A), by inserting after “this title,” the following: “title VIII.”;

(B) in paragraph (1)(B)(i)(I), by inserting after “this title,” the following: “title VIII.”; and

(C) in paragraph (1)(C)(i), by inserting after “this title,” the following: “title VIII.”.

(2) REPRESENTATIVE PAYEE PROVISIONS OF TITLE II.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (1)(A), by inserting “807 or” before “1631(a)(2)”;

(B) in paragraph (2)(B)(i)(I), by inserting “, title VIII.” before “or title XVI”;

(C) in paragraph (2)(B)(i)(III), by inserting “. 811.” before “or 1632”;

(D) in paragraph (2)(B)(i)(IV)—

(i) by inserting “, the designation of such person as a representative payee has been revoked pursuant to section 807(a),” before “or payment of benefits”; and

(ii) by inserting “, title VIII.” before “or title XVI”;

(E) in paragraph (2)(B)(ii)(I)—

(i) by inserting “whose designation as a representative payee has been revoked pursuant to section 807(a),” before “or with respect to whom”; and

(ii) by inserting “, title VIII.” before “or title XVI”;

(F) in paragraph (2)(B)(i)(II), by inserting “. 811.” before “or 1632”;

(G) in paragraph (2)(C)(i)(II) by inserting “, the designation of such person as a rep-

resentative payee has been revoked pursuant to section 807(a),” before “or payment of benefits”;

(H) in each of clauses (i) and (ii) of paragraph (3)(E), by inserting “, section 807,” before “or section 1631(a)(2)”;

(I) in paragraph (3)(F), by inserting “807 or” before “1631(a)(2)”;

(J) in paragraph (4)(B)(i), by inserting “807 or” before “1631(a)(2)”.

(3) WITHHOLDING FOR CHILD SUPPORT AND ALIMONY OBLIGATIONS.—Section 459(h)(1)(A) of such Act (42 U.S.C. 659(h)(1)(A)) is amended—

(A) at the end of clause (iii), by striking “and”;

(B) at the end of clause (iv), by striking “but” and inserting “and”; and

(C) by adding at the end a new clause as follows:

“(v) special benefits for certain World War II veterans payable under title VIII; but”.

(4) SOCIAL SECURITY ADVISORY BOARD.—Section 703(b) of such Act (42 U.S.C. 903(b)) is amended by striking “title II” and inserting “title II, the program of special benefits for certain World War II veterans under title VIII.”.

(5) DELIVERY OF CHECKS.—Section 708 of such Act (42 U.S.C. 908) is amended—

(A) in subsection (a), by striking “title II” and inserting “title II, title VIII.”; and

(B) in subsection (b), by striking “title II” and inserting “title II, title VIII.”.

(6) CIVIL MONETARY PENALTIES.—Section 1129 of such Act (42 U.S.C. 1320a-8) is amended—

(A) in the title, by striking “II” and inserting “II, VIII”;

(B) in subsection (a)(1)—

(i) by striking “or” at the end of subparagraph (A);

(ii) by redesignating subparagraph (B) as subparagraph (C); and

(iii) by inserting after subparagraph (A) the following:

“(B) benefits or payments under title VIII, or”;

(C) in subsection (a)(2), by inserting “or title VIII.” after “title II”;

(D) in subsection (e)(1)(C)—

(i) by striking “or” at the end of clause (i);

(ii) by redesignating clause (ii) as clause (iii); and

(iii) by inserting after clause (i) the following:

“(ii) by decrease of any payment under title VIII to which the person is entitled, or”;

(E) in subsection (e)(2)(B), by striking “title XVI” and inserting “title VIII or XVI”;

(F) in subsection (l), by striking “title XVI” and inserting “title VIII or XVI”.

(7) RECOVERY OF SSI OVERPAYMENTS.—Section 1147 of such Act (42 U.S.C. 1320b-17) is amended—

(A) in subsection (a)(1)—

(i) by inserting “or VIII” after “title II” the first place it appears; and

(ii) by striking “title II” the second place it appears and inserting “such title”; and

(B) in the title, by striking “SOCIAL SECURITY” and inserting “OTHER”.

(8) REPRESENTATIVE PAYEE PROVISIONS OF TITLE XVI.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (A)(iii), by inserting “or 807” after “205(j)(1)”;

(B) in subparagraph (B)(ii)(I), by inserting “, title VIII,” before “or this title”;

(C) in subparagraph (B)(ii)(III), by inserting “. 811.” before “or 1632”;

(D) in subparagraph (B)(ii)(IV)—

(i) by inserting “whether the designation of such person as a representative payee has been revoked pursuant to section 807(a),” before “and whether certification”; and

(ii) by inserting ", title VIII." before "or this title";

(E) in subparagraph (B)(iii)(II), by inserting "the designation of such person as a representative payee has been revoked pursuant to section 807(a)." before "or certification"; and

(F) in subparagraph (D)(ii)(II)(aa), by inserting "or 807" after "205(j)(4)".

(9) ADMINISTRATIVE OFFSET.—Section 3716(c)(3)(C) of title 31, United States Code, is amended—

(A) by striking "sections 205(b)(1)" and inserting "sections 205(b)(1), 809(a)(1)"; and

(B) by striking "either title II" and inserting "title II, VIII."

Strike section 301 of the bill and insert the following:

**SEC. 301. NARROWING OF HOLD HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT.**

(a) IN GENERAL.—Section 457(d) of the Social Security Act (42 U.S.C. 657(d)) is amended to read as follows:

"(d) HOLD HARMLESS PROVISION.—If—

"(1) the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on the day before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); and

"(2)(A)(i) the State has not retained any of the current support so collected during the preceding fiscal year on behalf of any family that is a recipient of assistance under the State program funded under part A (except any such family in a control group required by a waiver granted to the State under section 1115); and

"(ii) at least the lesser of \$150 or the total amount of current support paid to such a family in any month is disregarded in determining the amount or type of assistance to be provided to the family for the month under the State program funded under part A; or

"(B) the State has distributed to families not less than ½ of the child support arrearages collected pursuant to section 464 during the preceding fiscal year, that accrued after the families ceased to receive assistance from the State (as defined in subsection (c)(1)).

then the State share otherwise determined for the fiscal year shall be increased by an amount equal to ½ of the amount (if any) by which the State share in fiscal year 1995 exceeds the State share for the fiscal year (determined without regard to this subsection)."

(b) AUTHORITY OF STATE TO PASS THROUGH PORTION OF CHILD SUPPORT ARREARAGES COLLECTED THROUGH TAX INTERCEPT.—Section 457(a)(2)(B)(iv) of such Act (42 U.S.C. 657(a)(2)(B)(iv)) is amended in the first sentence by inserting after the 2nd sentence the following: "After making such payment, the State may distribute to the family not more than ½ of the remaining amount so retained."

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective with respect to calendar quarters beginning on or after October 1, 1998.

(d) REPEALER.—Effective October 1, 2001, section 457 of the Social Security Act (42 U.S.C. 657) is amended by striking subsection (d).

The CHAIRMAN. Pursuant to House Resolution 221, the gentlewoman from Connecticut (Mrs. JOHNSON) and a

Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield myself such time as I may consume.

Let me briefly outline the contents of the manager's amendment. Most of the provisions are highly technical and are included simply to clarify meaning. Four provisions, however, require a brief explanation.

One of these changes our policy on redistributing funds not used by States. We change the policy so that States will have 2 years rather than 1 year to spend each year's appropriations. HHS informs us that with the 2 years to spend the money, there will be no need for redistribution of funds.

The second provision of the manager's amendment authorizes additional payments to States for increasing their rate of adoptions. The amount of bonus money we appropriated in previous legislation was inadequate because States have done such a remarkable job of increasing the number of adoptions of children in foster care.

A third amendment is added to ensure that recipients of supplemental security income who lose their eligibility because of assets they hold in trust will not automatically lose their Medicaid benefits.

A fourth provision broadens our provision on Filipino veterans of World War II that the committee bill allowed to return to the Philippines and still retain their SSI benefits. The new provision provides this option to all World War II veterans.

We think these provisions of the manager's amendment make a good bill even better, and I urge adoption of the amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. CARDIN. Mr. Chairman, I rise to claim the time in opposition.

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Chairman, I rise in support of this amendment, and I yield myself such time as I may consume.

I have already gone over the different provisions during the general debate that is in the manager's amendment. I want to compliment the gentlewoman from Connecticut (Mrs. JOHNSON) for putting together this manager's amendment to take care of some very technical points, to expand the provisions concerning the World War II veterans, to deal with some unintended consequences that deal with the hold harmless provision for pass-through to child support to the families.

Mr. Chairman, I want to quickly discuss three of the improvements to the Foster Care Independence Act in the amendment being offered by Mrs. JOHNSON and myself.

First, the amendment expands a provision that would allow U.S. World War II veterans to

return to their homeland, including the Philippines, and still receive ¾ of their SSI benefit. This provision provides Members with a rare opportunity to vote for proposal that is supported by veterans and saves money.

Second, the amendment would ensure that the bill's restrictions on asset transfers and trusts under SSI do not have unintended impacts on Medicaid coverage. More specifically, the amendment would clarify that individuals who are not receiving SSI do not lose Medicaid coverage because of changes in SSI eligibility rules, which are sometimes used to determine Medicaid eligibility.

And third, the amendment would continue to provide half of the current child support hold harmless payments to States that pass-through child support payments to families on and leaving welfare. The bill generally repeals the hold-harmless provision, which has created an unintended windfall for States, but the amendment provides this limited extension to help more States that are passing through child support to low-income families, rather than keeping it to recoup past welfare costs.

I urge my colleagues to support this amendment and the underlying bill.

Mr. Chairman, I yield back the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I submit for the RECORD some additional information in regard to this portion of the amendment that alters the hold-harmless provisions in the child support enforcement bill.

HOUSE OF REPRESENTATIVES, COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON HUMAN RESOURCES.  
Washington, DC, June 10, 1999.

Hon. TOMMY G. THOMPSON,

Hon. FRANK O'BANNON,

*Co-Lead Governors on Welfare, National Governors Association, Washington, DC.*

DEAR GOVERNORS THOMPSON & O'BANNON: Thanks for your letter expressing your opposition to our policy of ending the child support hold harmless provision. Bill Archer has asked me to respond to the letter because I negotiated the hold harmless provisions in 1995-96 and I now chair the Subcommittee with jurisdiction over child support enforcement. Here is my response to your arguments about why we should not end the hold harmless provision.

First, I think it is somewhat of a stretch to argue that governors accepted the mandates on child support in exchange for fixed child support funding. As someone who was directly involved in the negotiations, I can tell you that to my knowledge this point was never made by either side during the negotiations. Rather, the hold harmless agreement was developed because a specific provision of the Republican bill required States to share collections on arrearages with families after they left welfare. Our thinking was that federal policy should give families more child support money after they leave welfare and less while they remain on welfare. After all, the point of welfare reform was to get people off welfare. Thus, providing them with more child support money after they left the rolls would help them stay off welfare. In addition, ending the \$50 passthrough provided states with significant compensation for sharing more post-welfare collections with families. In fact, according to CBO states saved in excess of \$1.2 billion over 6 years (and lots of administrative hassle) by our policy of ending the \$50 passthrough.

Despite this huge savings by states and the federal government, some states felt they were still financially at risk. So we agreed both to an arrangement in which the arrearages collections would be roughly split between states and families and to a provision requiring the federal government to make up the difference if the collections states could retain in any given year were less than retained collections in 1995. These provisions were negotiated between a small group of members of the Ways and Means and Financial Committees and one state IV-D director. The provisions were not part of the overall agreement between Congress and the governors on the TANF welfare reform law.

A broader issue raised in your letter is that the repeal of the hold harmless provision comes at a time when state collections in former welfare cases are declining because there are fewer welfare cases. But your letter does not mention that as welfare cases decline, states save considerable funds in their TANF block grant. In fact, on average across states, the 45 percent reduction in TANF caseloads since 1994 means that states have a very substantial surplus of TANF funds over

which they have nearly complete control. Recently, the Congressional Budget Office estimated that by the end of 2003, States will have excess funds of over \$24 billion. To raise the problems caused in child support financing because of the TANF caseload decline without mentioning the substantial savings in the TANF block grant is a one-sided presentation of state benefits.

Another important consideration in this discussion is that most states make a profit on their child support enforcement program. The enclosed table shows that in 1996, the last year for which we have complete data, 33 states made a profit on their child support program and that the total profit to states was a net of \$407 million. While states were showing a positive net cash flow, the federal government had a negative cash flow of nearly \$1.2 billion. The second enclosed table shows that the federal government has had a negative cash flow while states have enjoyed a positive cash flow every year since the program began. There is no doubt that the child support program is a good investment, but it is difficult to understand why the federal

government should lose money on the program while states enjoy a profit.

It may well be the case that the child support financing arrangements that have been adequate for a quarter of a century are now outdated, primarily because of the dramatic changes in the TANF program. We are certainly open to suggestions about new ways to efficiently and fairly fund this vital federal-state program. But in the meantime, we intend to more equitably share the financing burden between the federal government and the states.

Thanks for your thoughtful letter. I'm sorry that I am not in closer agreement with your perspectives on these child support financing issues. Nonetheless, in accord with the recommendation in your letter, we have agreed to drop the provision that would have ended federal 90 percent funding for blood testing and other expenses of establishing paternity.

Sincerely,

NANCY L. JOHNSON,  
Chairman.

Enclosures.

TABLE 8-5.—FINANCING OF THE FEDERAL/STATE CHILD SUPPORT ENFORCEMENT PROGRAM, FISCAL YEAR 1996  
(In thousands of dollars)

State	State income			State administrative expenditures (costs)	State net	Collections-to-costs ratio
	Federal administrative payments	State share of collections	Federal incentive payments			
Alabama	31.161	5.737	3.548	46.314	(5.868)	3.41
Alaska	11.517	8.085	2.973	17.439	5.136	3.31
Arizona	31.177	6.647	3.842	46.909	(5.244)	2.41
Arkansas	19.048	4.163	3.195	28.669	(2.263)	2.77
California	293.731	222.548	66.752	437.991	145.040	2.36
Colorado	25.399	15.001	5.580	38.361	7.628	2.82
Connecticut	29.035	12.645	7.086	43.027	5.740	2.91
Delaware	9.941	3.393	1.112	14.168	279	2.50
District of Columbia	7.731	2.526	1.103	11.696	(336)	2.38
Florida	86.999	30.216	13.501	131.363	(647)	3.13
Georgia	45.496	16.780	15.110	68.505	8.881	3.92
Guam	1.744	289	281	2.624	(310)	2.57
Hawaii	16.113	5.396	1.758	23.907	(640)	2.18
Idaho	12.535	2.942	1.961	18.928	(1,490)	2.42
Illinois	68.905	28.513	10.691	103.803	4.304	2.31
Indiana	21.416	14.186	7.658	30.091	13.170	6.54
Iowa	19.209	12.911	6.319	29.048	9.391	5.23
Kansas	12.296	10.704	5.265	18.489	9.776	5.82
Kentucky	27.927	9.646	5.514	42.210	877	3.43
Louisiana	23.058	6.266	4.270	34.495	(900)	4.16
Maine	10.224	9.459	4.907	15.435	9.155	4.05
Maryland	43.688	19.120	6.540	66.017	3.332	4.36
Massachusetts	40.626	30.494	9.828	61.286	19.662	4.05
Michigan	94.572	60.098	22.323	143.132	33.860	6.63
Minnesota	48.457	25.680	9.017	73.195	9.960	4.36
Mississippi	9.522	3.959	3.553	29.463	(2,430)	2.87
Missouri	52.173	22.161	9.635	74.419	9.549	3.75
Montana	8.038	2.122	1.326	12.120	(634)	2.42
Nebraska	20.007	3.964	1.750	30.179	(4,457)	3.16
Nevada	14.782	3.737	2.279	22.346	(1,548)	2.53
New Hampshire	9.377	4.518	1.539	14.091	1,343	3.42
New Jersey	73.147	39.238	12.698	110.735	14.348	4.52
New Mexico	15.914	1.344	975	21.129	(2,896)	1.43
New York	115.020	79.891	28.461	174.183	49,188	4.03
North Carolina	59.282	20.653	10.732	89.147	1,521	2.94
North Dakota	4.352	1.662	990	6.563	441	4.34
Ohio	106.594	41,141	17,008	161,618	3,125	6.07
Oklahoma	16.968	6.674	3.666	24.040	3,269	3.06
Oregon	21.129	10,544	5,480	31,874	5,278	5.60
Pennsylvania	82.784	49,576	18,619	123,808	27,171	7.74
Puerto Rico	19.504	291	372	28,569	(8,401)	4.44
Rhode Island	5.451	6,839	3,262	8,251	7,300	4.31
South Carolina	23.296	6,797	4,154	35,100	(853)	3.37
South Dakota	3.173	1,936	1,399	4,770	1,738	5.87
Tennessee	26.165	10,195	5,328	39,342	2,347	4.06
Texas	96.614	32,915	15,873	144,984	418	3.71
Utah	19.497	5,136	3,217	29,170	(1,321)	2.66
Vermont	4.467	2,602	1,346	6,701	1,714	3.79
Virgin Island	1,597	94	67	2,418	(660)	2.25
Virginia	40.844	18,475	5,988	61,507	3,800	4.18
Washington	76.319	48,348	16,449	115,322	26,795	3.53
West Virginia	15.578	3,230	2,065	23,358	(2,484)	3.61
Wisconsin	50.394	19,115	10,659	74,058	6,110	5.94
Wyoming	5.575	1,835	647	8,455	(398)	2.96
Nationwide	2,039,569	1,013,437	409,681	3,054,821	407,866	3.93

Note.—The "State net" column in this table is not the same as the comparable figure presented in annual reports of the Office of Child Support Enforcement (see for example, 1996, p. 78 and table 8-23 below) because estimated Federal incentive payments are used in the annual reports while final Federal incentive payments were used in this table.

Source: Office of Child Support Enforcement, U.S. Department of Health and Human Services.

TABLE 8-6.—FEDERAL AND STATE SHARE OF CHILD SUPPORT "SAVINGS," FISCAL YEARS 1979-96

(In millions of dollars)

Fiscal year	Federal share of child support savings <sup>1</sup>	State share of child support savings	Net public savings <sup>1</sup>
1979	-43	244	201
1980	-103	230	127
1981	-128	261	133
1982	-148	307	159
1983	-138	312	174
1984	-105	366	260
1985	-231	317	86
1986	-267	274	9
1987	-334	342	5
1988	-355	381	26
1989	-480	403	-77
1990	-528	338	-190
1991	-586	385	-201
1992	-605	434	-170
1993	-740	462	-278
1994	-978	482	-496
1995	-1,274	421	-853
1996 (preliminary)	-1,152	407	-745

<sup>1</sup> Negative "savings" are costs.

Source: Office of Child Support Enforcement, Annual Reports to Congress, 1996 and various years.

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
Washington, DC, June 17, 1999.

Hon. THOMAS J. BLILEY, Jr.,  
Chairman, House Committee on Commerce,  
Washington, DC.

DEAR CHAIRMAN BLILEY: I write to confirm our mutual understanding with respect to further consideration of H.R. 1802, the "Foster Care Independence Act of 1999." H.R. 1802, as introduced, was referred to the Committee on Ways and Means, and in addition, to the Committee on Commerce.

Specifically, Subtitle C of Title I would change the Medicaid statute to permit States to provide Medicaid coverage to those 18, 19, and 20 year olds who have left foster care. States would also be permitted to use means testing to provide Medicaid to former foster care youths if their income and resources are below certain specified levels.

I understand that, following advance consultations, you are in agreement with this provision. I further understand that, in order to expedite consideration of this legislation, the Committee on Commerce will not be marking up the bill. The Commerce Committee will take this action based on the understanding that it will be treated without prejudice as to its jurisdictional prerogatives on this measure or any other similar legislation. Further, I have no objection to your request for conferees with respect to matters in the Commerce Committee's jurisdiction if a House-Senate conference is convened on this or similar legislation.

Finally, I will include in the Record a copy of our exchange of letters on this matter during floor consideration. Thank you for your assistance and cooperation in this matter.

With best personal regards,  
Sincerely,

BILL ARCHER,  
Chairman.

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON COMMERCE,  
Washington, DC, June 17, 1999.

Hon. BILL ARCHER,  
Chairman, Committee on Ways and Means,  
Washington, DC.

DEAR CHAIRMAN ARCHER: Thank you for your recent letter regarding H.R. 1802, the Foster Care Independence Act of 1999. As you noted in your letter, the Committee on Commerce is an additional committee of jurisdiction for H.R. 1802.

The Committee on Commerce will not exercise its right to act on the legislation and the Committee has no objections to the inclusion of those provisions within its juris-

dition. By agreeing to waive its consideration of the bill, however, the Commerce Committee does not waive its jurisdiction over H.R. 1802. In addition, the Commerce Committee reserves its authority to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I appreciate your commitment to support a request by the Commerce Committee for conferees on H.R. 1802 or similar legislation.

I ask that you include a copy of your letter and this response in the Record during consideration of the bill on the House floor. Thank you for your consideration and assistance.

I remain,  
Sincerely,

TOM BLILEY,  
Chairman.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mrs. JOHNSON).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider Amendment No. 2 printed in House report 106-199.

AMENDMENT NO. 2 OFFERED BY MR. THOMPSON OF CALIFORNIA

Mr. THOMPSON of California. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. THOMPSON of California:

In section 1(b) of the bill, in the table of contents, after the item relating to section 111, insert the following:

Sec. 112. Preparation of foster parents to provide for the needs of children in State care.

At the end of subtitle B of title I, insert the following:

SEC. 112. PREPARATION OF FOSTER PARENTS TO PROVIDE FOR THE NEEDS OF CHILDREN IN STATE CARE.

(a) STATE PLAN REQUIREMENT.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (23) and inserting "; and"; and

(3) by adding at the end the following:

"(24) include a certification that, before a child in foster care under the responsibility of the State is placed with prospective foster parents, the prospective foster parents will be prepared adequately with the appropriate knowledge and skills to provide for the needs of the child, and that such preparation will be continued, as necessary, after the placement of the child."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 1999.

The CHAIRMAN. Pursuant to House Resolution 221, the gentleman from California (Mr. THOMPSON) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from California (Mr. THOMPSON).

Mr. THOMPSON of California. Mr. Chairman, I yield myself as much time as I may consume.

First, I would like to commend the Committee on Ways and Means for

bringing this measure to the floor. I would like to thank the gentleman from Connecticut (Mrs. JOHNSON) and the gentleman from Maryland (Mr. CARDIN) for their good work on this issue.

Improving foster care is an important goal and providing transition assistance, as this bill does, is particularly important. Mr. Chairman, there is another way that we can improve foster care and that is to improve the training for prospective foster parents and to provide continuing training and education after the child is in that foster care parent's home.

States have a variety of training programs, but there is no standard. They vary in the number of hours in which the training occurs and in the curriculum as well. Particularly interesting is the fact that the training of foster care parents is not expressly required in the States' plan submitted in order for the States to receive Federal funding to support their foster care programs. My amendment addresses and rectifies this situation.

Working with a range of child advocacy groups, as well as the majority and the minority staff, this amendment before the committee focuses renewed attention on the need to improve foster care training and preparation. Such training is crucial.

According to many observers, one of the largest crises facing the child welfare system is the inability to recruit qualified foster care parents as well as the ability of the system to retain those parents once they are found. In addition, in too many cases, foster children are not fully integrated into the their foster families. They are not recognized as individuals in the same way and in the same manner emotionally, educationally and economic needs as birth children, and as such, are treated as temporary tenants without the opportunity to develop and grow into self-sufficient young adults. To the extent foster parents' ill-preparedness is the cause, it can be overcome by improving training, counseling, and aid.

To encourage the improvement of both preplacement training and training after a child's placement, this amendment requires States to expressly include in their State plan a certification that prospective parents are adequately prepared with the appropriate knowledge and the appropriate skills to provide for the needs of those children.

In addition, the amendment requires States to certify that such preparation will be continued as necessary after the placement of the youngster. Improving the training of prospective foster parents will encourage more individuals and couples to accept children in the State's care. More parents will be better prepared to recognize and respond to the problems associated with these children. By continuing and improving the training of parents after the placement is made, fewer parents will decline future foster care placements.

More important, children in foster care will be better cared for and better assisted in their transition to independent adulthood.

Mr. Chairman, I urge the support of this amendment, and I again would like to thank the gentlewoman from Connecticut and the gentleman from Maryland and their staffs for their help in crafting this amendment.

Mr. Chairman, I reserve the balance of my time.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise to claim the time in opposition to the amendment.

Mr. Chairman, I yield myself such time as I may consume.

I rise not to oppose the amendment, but to point out that States do have an open-ended entitlement to Federal money for training, one of the real strengths of the underlying law. The match is only 25 percent in State money. But I accept the gentleman's amendment, because it does clarify and strengthen not only the underlying law, but the intent of this legislation.

Mr. Chairman, I yield back the balance of my time.

Mr. THOMPSON of California. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Chairman, I want to congratulate the gentleman from California (Mr. THOMPSON) for this amendment. I think it is a very important amendment, and it improves the bill that is before us. It makes it clear that foster parents need to be prepared adequately with appropriate knowledge and skills to provide for the needs of the child.

We are trying to give additional flexibility to States to help children aging out of foster care and into independent living, but part of that depends upon having foster parents that are adequately trained and have the right skills, and I think this amendment adds to that. I want to congratulate the gentleman, and we certainly accept it on our side.

Mr. THOMPSON of California. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I rise in support of this amendment. I think it will make it an even stronger bill. I am so pleased about what is happening on this particular legislation.

The Foster Care Independence Act of 1999 is precisely what we need to deal with foster care problems in our country. I am particularly excited about the idea that we are finally going to do something to help transition 18-year-olds who come out of the foster care system and help them to become productive adults and not just dump them out on the streets.

So again, I commend my colleague from California (Mr. THOMPSON) and say that I believe that this is the way to go. This is the thing to do. I commend all of those who have worked on support of this amendment. I urge an "aye" vote on the bill.

Mr. THOMPSON of California. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California (Mr. THOMPSON).

The amendment was agreed to.

The CHAIRMAN. It is now in order to consider amendment No. 3 printed in House Report 106-199.

AMENDMENT NO. 3 OFFERED BY MR. BUYER

Mr. BUYER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. BUYER:

In section 1(b), in the table of contents, after the item relating to section 251, insert the following:

Subtitle C—Study

Sec. 261. Study of denial of SSI benefits for family farmers.

At the end of title II, insert the following:

Subtitle C—Study

SEC. 261. STUDY OF DENIAL OF SSI BENEFITS FOR FAMILY FARMERS.

(a) IN GENERAL.—The Commissioner of Social Security shall conduct a study of the reasons why family farmers with resources of less than \$100,000 are denied supplemental security income benefits under title XVI of the Social Security Act, including whether the deeming process unduly burdens and discriminates against family farmers who do not institutionalize a disabled dependent, and shall determine the number of such farmers who have been denied such benefits during each of the preceding 10 years.

(b) REPORT TO THE CONGRESS.—Within 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that contains the results of the study, and the determination, required by subsection (a).

The CHAIRMAN. Pursuant to House Resolution 221, the gentleman from Indiana (Mr. BUYER) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Indiana (Mr. BUYER).

Mr. BUYER. Mr. Chairman, I yield myself such time as I may consume.

I congratulate the ranking member from Maryland for his work on the bill and the gentlewoman from Connecticut (Mrs. JOHNSON). This is Congress at its best. This is bipartisanship at its best. I have a compliment that comes from the leadership out of the subcommittee out of the Committee on Ways and Means, and both members are entitled to the compliment, from all members.

The inspiration for the amendment I have here before everyone comes from a constituent of mine named Tim Tanner. His son, Danny, is severely disabled and were if not for the loving sacrifice of his father, Danny would have been institutionalized.

Mr. Tanner is a single dad earning his living as a dairy farmer. Mr. Tanner repeatedly applied for the SSI benefits for Danny, and he was consist-

ently denied, even though he would always go for the appeals. Although Danny qualified medically, and based on his father's income, the benefits were denied because of his father's resources, which were, at least on paper were too great to qualify. He was a minority shareholder of a sub S corporation.

I visited with Mr. Tanner, and I have also met Danny. Let me share Mr. Tanner's view of how the current law had been applied to him. Danny now is 18 and qualifies for SSI as an adult in his own right. But at a time when he needed the money the most, he did not qualify, but would have qualified had the father institutionalized him. But since the father chose to keep Danny at home and sacrificed everything for the son who has a mental capacity of about a 3-year-old, he was penalized. I think that is antifamily, and we should be doing everything we can to help build the family unit.

Mr. Tanner wrote me and he said, "Social Security is wrong to deny my son benefits. But if they were right, then the people in Washington should hang their heads in shame. Mighty people in lofty positions of government deny the most helpless of all: the handicapped children. It is mean. It is cruel to deny my son, based on my attempt to be a father. It is a dastardly deed. Yes, Congress should be ashamed."

Mr. Chairman, I have no interest in creating loopholes for welfare benefits, but here is a situation where a needy, handicapped child could not have received the assistance of SSI because of a father choosing the harder way and the more loving option of care at home and not to institutionalize his son. But because his assets were tied to this dairy farm, his means and his livelihood, the son was, I believe, discriminated against.

I would just like to know if this is a rare case or if there are other cases out there. My amendment would require the Social Security administration to do a study on the SSI benefit of denials for family farmers who choose to care for disabled dependents in the home rather than sending them off to an institution. I do not think it is a lot to ask the Social Security administration to give Congress some data on the application of the law.

□ 1115

I am grateful to the gentlewoman from Connecticut (Mrs. JOHNSON) for her counsel on this amendment and appreciate her hard work in bringing this bill to the floor, along with the gentleman from Maryland (Mr. CARDIN).

Mr. Chairman, I urge the adoption of the amendment, and I reserve the balance of my time.

Mr. CARDIN. Mr. Chairman, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.  
 Mr. CARDIN. Mr. Chairman, I yield myself such time as I may consume.  
 Mr. Chairman, let me point out that I want to compliment the gentleman for his amendment, and for bringing to our attention a real problem, and dealing with it in a way that I think we can get the answers.

I certainly support it.  
 Mrs. JOHNSON of Connecticut. Mr. Chairman, will the gentleman yield?  
 Mr. CARDIN. I yield to the gentleman from Connecticut.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I thank the gentleman for yielding to me.

I, too, look forward to the report. It is the kind of problem that for many years passed us by. We must take the opportunity with this family to find a way to help. We will give that report every consideration.

Mr. CARDIN. Mr. Chairman. I yield back the balance of my time.

Mr. BUYER. Mr. Chairman. I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. BUYER).

The amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Accordingly, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. KOLBE) having assumed the chair, Mr. LAHOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes, pursuant to House Resolution 221, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 380, nays 6, not voting 48, as follows:

[Roll No. 256]

YEAS—380

- |              |               |                |
|--------------|---------------|----------------|
| Abercrombie  | DeLauro       | Jackson (IL)   |
| Ackerman     | DeLay         | Jackson-Lee    |
| Aderholt     | DeMint        | (TX)           |
| Allen        | Deutsch       | Jenkins        |
| Andrews      | Diaz-Balart   | John           |
| Archer       | Dickey        | Johnson (CT)   |
| Armey        | Dicks         | Johnson, E.B.  |
| Bachus       | Dingell       | Johnson, Sam   |
| Baird        | Dixon         | Jones (NC)     |
| Baker        | Doggett       | Jones (OH)     |
| Baldacci     | Dooley        | Kanjorski      |
| Baldwin      | Doolittle     | Kaptur         |
| Ballenger    | Doyle         | Kelly          |
| Barcia       | Dreier        | Kennedy        |
| Barr         | Duncan        | Kildee         |
| Barrett (NE) | Dunn          | Kilpatrick     |
| Barrett (WI) | Edwards       | Kind (WI)      |
| Bartlett     | Ehlers        | King (NY)      |
| Barton       | Ehrlich       | Kingston       |
| Bass         | Emerson       | Kiecicka       |
| Bateman      | English       | Klink          |
| Becerra      | Eshoo         | Knollenberg    |
| Bentsen      | Etheridge     | Kolbe          |
| Bereuter     | Evans         | Kucinich       |
| Berkley      | Ewing         | Kuykendall     |
| Berry        | Farr          | LaFalce        |
| Biggert      | Fattah        | LaHood         |
| Bilbray      | Filner        | Lampson        |
| Bilirakis    | Foley         | Lantos         |
| Bishop       | Ford          | Largent        |
| Blagojevich  | Fossella      | Larson         |
| Bliley       | Fowler        | Latham         |
| Blumenauer   | Frank (MA)    | LaTourette     |
| Blunt        | Franks (NJ)   | Lazio          |
| Boehner      | Frelinghuysen | Leach          |
| Bonilla      | Frost         | Lee            |
| Bonior       | Ganske        | Levin          |
| Bono         | Gejdenson     | Lewis (CA)     |
| Borski       | Gekas         | Lewis (GA)     |
| Boswell      | Gephardt      | Lewis (KY)     |
| Boucher      | Gibbons       | Linder         |
| Boyd         | Gillmor       | LoBiondo       |
| Brady (PA)   | Gilman        | Lofgren        |
| Brady (TX)   | Gonzalez      | Lucas (KY)     |
| Brown (FL)   | Goode         | Lucas (OK)     |
| Brown (OH)   | Goodlatte     | Luther         |
| Bryant       | Goodling      | Maloney (CT)   |
| Burr         | Gordon        | Maloney (NY)   |
| Burton       | Goss          | Manzullo       |
| Buyer        | Graham        | Markey         |
| Calvert      | Green (TX)    | Martinez       |
| Camp         | Green (WI)    | Mascara        |
| Campbell     | Greenwood     | Matsui         |
| Canady       | Gutknecht     | McCarthy (MO)  |
| Capps        | Hall (OH)     | McCollum       |
| Cardin       | Hansen        | McCrery        |
| Carson       | Hastings (FL) | McDermott      |
| Castle       | Hastings (WA) | McGovern       |
| Chabot       | Hayes         | McHugh         |
| Chambliss    | Hayworth      | McIntyre       |
| Clayton      | Herger        | McKinney       |
| Clement      | Hill (IN)     | McNulty        |
| Clyburn      | Hill (MT)     | Meehan         |
| Coble        | Hilleary      | Meek (FL)      |
| Collins      | Hinchey       | Meeks (NY)     |
| Combest      | Hinojosa      | Metcalf        |
| Condit       | Hoefel        | Mica           |
| Cook         | Hoekstra      | Millender-     |
| Cooksey      | Holden        | McDonald       |
| Cox          | Holt          | Miller (FL)    |
| Coyne        | Hooley        | Miller, George |
| Cramer       | Horn          | Minge          |
| Crane        | Houghton      | Moakley        |
| Crowley      | Hoyer         | Moore          |
| Cubin        | Hunter        | Moran (KS)     |
| Cummings     | Hutchinson    | Moran (VA)     |
| Davis (FL)   | Hyde          | Morella        |
| Davis (IL)   | Inslee        | Murtha         |
| Davis (VA)   | Isakson       | Myrick         |
| Deal         | Istook        | Nadler         |
| DeGette      |               | Napolitano     |

- |               |               |               |
|---------------|---------------|---------------|
| Neal          | Roybal-Allard | Tancredo      |
| Nethercutt    | Royce         | Tanner        |
| Ney           | Rush          | Tauscher      |
| Northup       | Ryan (WI)     | Terry         |
| Norwood       | Ryun (KS)     | Thomas        |
| Nussle        | Sabo          | Thompson (CA) |
| Oberstar      | Saimon        | Thompson (MS) |
| Ortiz         | Sanchez       | Thornberry    |
| Ose           | Sanders       | Thune         |
| Owens         | Sandlin       | Thurman       |
| Oxley         | Sawyer        | Tiahrt        |
| Pallone       | Saxton        | Tierney       |
| Pascrell      | Schaffer      | Toomey        |
| Pastor        | Schakowsky    | Trafigant     |
| Payne         | Scott         | Turner        |
| Pease         | Sensenbrenner | Udall (CO)    |
| Pelosi        | Serrano       | Udall (NM)    |
| Peterson (MN) | Sessions      | Upton         |
| Peterson (PA) | Shadegg       | Velazquez     |
| Petri         | Shaw          | Vento         |
| Phelps        | Shays         | Visclosky     |
| Pickering     | Sherman       | Vitter        |
| Pickett       | Sherwood      | Walden        |
| Pitts         | Shimkus       | Walsh         |
| Pombo         | Shows         | Wamp          |
| Pomeroy       | Shuster       | Waters        |
| Porter        | Simpson       | Watkins       |
| Portman       | Sisisky       | Watt (NC)     |
| Price (NC)    | Skeen         | Watts (OK)    |
| Pryce (OH)    | Skelton       | Waxman        |
| Quinn         | Smith (MI)    | Weldon (FL)   |
| Radanovich    | Smith (NJ)    | Weldon (PA)   |
| Rahall        | Smith (TX)    | Weller        |
| Ramstad       | Snyder        | Wexler        |
| Rangel        | Souder        | Weyand        |
| Regula        | Spence        | Whitfield     |
| Reyes         | Spratt        | Wicker        |
| Reynolds      | Stabenow      | Wilson        |
| Riley         | Stark         | Wise          |
| Rivers        | Stearns       | Wolf          |
| Rodriguez     | Stenholm      | Woolsey       |
| Roemer        | Strickland    | Wu            |
| Rogers        | Stump         | Wynn          |
| Rohrabacher   | Stupak        | Young (AK)    |
| Ros-Lehtinen  | Sununu        | Young (FL)    |
| Rothman       | Sweeney       |               |
| Roukema       | Talent        |               |

NAYS—6

- |           |        |            |
|-----------|--------|------------|
| Cannon    | Coburn | Hostettler |
| Chenoweth | Hefley | Paul       |

NOT VOTING—48

- |            |               |              |
|------------|---------------|--------------|
| Berman     | Gallely       | Miller, Gary |
| Boehert    | Gilchrest     | Mink         |
| Brown (CA) | Granger       | Mollohan     |
| Callahan   | Gutierrez     | Obey         |
| Capuano    | Hall (TX)     | Olver        |
| Clay       | Hobson        | Packard      |
| Conyers    | Hulshof       | Rogan        |
| Costello   | Jefferson     | Sanford      |
| Cunningham | Kasich        | Scarborough  |
| Danner     | Lipinski      | Slaughter    |
| DeFazio    | Lowey         | Smith (WA)   |
| Delahunt   | McCarthy (NY) | Tauzin       |
| Engel      | McInnis       | Taylor (MS)  |
| Everett    | McIntosh      | Taylor (NC)  |
| Fletcher   | McKeon        | Towns        |
| Forbes     | Menendez      | Weiner       |

□ 1139

Mr. DINGELL changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. CAPUANO. Mr. Speaker, I was unavoidably detained on the morning of June 25, 1999 and was therefore unable to cast a vote on rollcall No. 256. Had I been present, I would have voted "yea" on rollcall No. 256.

Mr. PACKARD. Mr. Speaker, I was unavoidably detained for rollcall 256, which was final passage of H.R. 1802, the Foster Care Independence Act of 1999. Had I been present, I would have voted "yea."



FOSTER CARE INDEPENDENCE ACT  
OF 1999

Mrs. JOHNSON of Connecticut. Mr. Speaker, I ask unanimous consent for the immediate consideration in the House of the bill (H.R. 3443) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

Mr. CARDIN. Mr. Speaker, reserving the right to object, I ask the gentleman from Connecticut (Mrs. JOHNSON) to explain her request.

Mr. Speaker, I yield to the gentleman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the gentleman for yielding to me under his reservation.

Mr. Speaker, my colleagues may recall that the House acted on the Independent Living bill, H.R. 1802, in June and approved it overwhelmingly by a vote of 380 to 6. Every provision of this bill has been developed and written on a bipartisan basis. In this regard, I want to once again thank the gentleman from Maryland (Mr. CARDIN) for his exceptionally capable work on this legislation.

I also want to thank the administration, especially Secretary Shalala, for their timely help with this legislation. In addition, I thank the gentleman from Texas (Mr. DELAY), the Majority Whip, who testified in the House and Senate as a foster parent and who has been instrumental in securing passage of this legislation. Indeed, we would not be here today without his help.

We have been working with our colleagues in the other body over the last several days to resolve differences and have agreed upon the version of the bill before us. H.R. 3443 represents that consensus text. I want to especially acknowledge the work of Senators LOTT, ROTH, GRASSLEY, NICKLES, MOYNIHAN, and ROCKEFELLER on this bill.

Since the House is expected to conclude its business shortly, we are taking this action in order to expedite consideration in the other body and move the bill to the President's desk.

This bill will provide, for the first time, realistic support for our most unfortunate children, those who have been in foster care for many years and who reach adulthood essentially alone. Unfortunately, research shows that these children have terribly high levels

of unemployment, mental illness, school failure, teen pregnancy, and homelessness, and are frequently the victims or predators of crime. These young Americans need our help to have the opportunity in life that all Americans dream of.

This bill contains only nine changes from the original legislation, all of them minor.

I close by commending the other body for commemorating the life of the great Senator, the life and work of the great Senator from Rhode Island, the incomparable John Chafee. Senator Chafee was a wonderful friend to many of us here in this House and a diligent worker for children. He was full of enthusiasm for this legislation and worked tirelessly to secure its progress through his committee, looking toward its passage in the Senate. In fact, we have been told that his last actions as a United States Senator were to lobby for this bill. Thus, it is highly fitting that we should rename this program the "John H. Chafee Foster Care Independence Program."

Mr. CARDIN. Mr. Speaker, further reserving my right to object, let me quickly point out how pleased I am that we were able to reach a bipartisan agreement and get this legislation moving, the Foster Care Independence Act. This represents a real victory for the 20,000 children who age out of foster care every year.

I want to especially congratulate the gentlewoman from Connecticut (Mrs. JOHNSON), chair of the Subcommittee on Human Resources, for the steadfast dedication to helping children and her incredible work with the other body so that we, in fact, could accomplish this legislation before we adjourn sine die.

I would also like to express my appreciation to the Clinton administration for their help in drafting this legislation.

Mr. Speaker, although we are acting on this bill, H.R. 3443, it started as H.R. 671 back in February of this year and became H.R. 1802 in the work of our subcommittee.

I finally want to also acknowledge the fine work of our staff Ron Haskins and Nick Wynn in the Committee on Ways and Means, the work that they have done.

I also want to join in recognizing Senator John Chafee for the work that he did in regards to this bill along with Senator ROCKEFELLER. He and Senator Chafee were incredible in seeing this legislation pass.

Senator Chafee's untimely death is a loss to all of us. Senator Chafee's unyielding commitment to improving the well being of all children and his willingness to reach beyond party and ideology will sorely be missed.

Mr. Speaker, this legislation is very important. As I indicated earlier, it is commitment by this body and by the Congress to say to children aging out of foster care that they are not going to be lost at the age of 18.

Mr. CARDIN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3443

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

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the "Foster Care Independence Act of 1999".

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM**

**Subtitle A—Improved Independent Living Program**

Sec. 101. Improved independent living program.

**Subtitle B—Related Foster Care Provision**

Sec. 111. Increase in amount of assets allowable for children in foster care.

Sec. 112. Preparation of foster parents to provide for the needs of children in State care.

**Subtitle C—Medicaid Amendments**

Sec. 121. State option of Medicaid coverage for adolescents leaving foster care.

**Subtitle D—Adoption Incentive Payments**

Sec. 131. Increased funding for adoption incentive payments.

**TITLE II—SSI FRAUD PREVENTION**

**Subtitle A—Fraud Prevention and Related Provisions**

Sec. 201. Liability of representative payees for overpayments to deceased recipients.

Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.

Sec. 203. Additional debt collection practices.

Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.

Sec. 205. Treatment of assets held in trust under the SSI program.

Sec. 206. Disposal of resources for less than fair market value under the SSI program.

Sec. 207. Administrative procedure for imposing penalties for false or misleading statements.

Sec. 208. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.

Sec. 209. State data exchanges.

Sec. 210. Study on possible measures to improve fraud prevention and administrative processing.

Sec. 211. Annual report on amounts necessary to combat fraud.

Sec. 212. Computer matches with Medicare and Medicaid institutionalization data.

Sec. 213. Access to information held by financial institutions.

**Subtitle B—Benefits For Certain World War II Veterans**

Sec. 251. Establishment of program of special benefits for certain World War II veterans.

**Subtitle C—Study**

Sec. 261. Study of denial of SSI benefits for family farmers.

**TITLE III—CHILD SUPPORT**

Sec. 301. Narrowing of hold harmless provision for State share of distribution of collected child support.

**TITLE IV—TECHNICAL CORRECTIONS**

Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

**TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM**

**Subtitle A—Improved Independent Living Program**

**SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.**

(a) **FINDINGS.**—The Congress finds the following:

(1) States are required to make reasonable efforts to find adoptive families for all children, including older children, for whom reunification with their biological family is not in the best interests of the child. However, some older children will continue to live in foster care. These children should be enrolled in an Independent Living program designed and conducted by State and local government to help prepare them for employment, postsecondary education, and successful management of adult responsibilities.

(2) Older children who continue to be in foster care as adolescents may become eligible for Independent Living programs. These Independent Living programs are not an alternative to adoption for these children. Enrollment in Independent Living programs can occur concurrent with continued efforts to locate and achieve placement in adoptive families for older children in foster care.

(3) About 20,000 adolescents leave the Nation's foster care system each year because they have reached 18 years of age and are expected to support themselves.

(4) Congress has received extensive information that adolescents leaving foster care have significant difficulty making a successful transition to adulthood; this information shows that children aging out of foster care show high rates of homelessness, non-marital childbearing, poverty, and delinquent or criminal behavior; they are also frequently the target of crime and physical assaults.

(5) The Nation's State and local governments, with financial support from the Federal Government, should offer an extensive program of education, training, employment, and financial support for young adults leaving foster care, with participation in such program beginning several years before high school graduation and continuing, as needed, until the young adults emancipated from foster care establish independence or reach 21 years of age.

(b) **IMPROVED INDEPENDENT LIVING PROGRAM.**—Section 477 of the Social Security Act (42 U.S.C. 677) is amended to read as follows:

**"SEC. 477. JOHN H. CHAFEE FOSTER CARE INDEPENDENCE PROGRAM.**

**"(a) PURPOSE.**—The purpose of this section is to provide States with flexible funding that will enable programs to be designed and conducted—

**"(1)** to identify children who are likely to remain in foster care until 18 years of age and to help these children make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);

**"(2)** to help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;

**"(3)** to help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;

**"(4)** to provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults; and

**"(5)** to provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

**"(b) APPLICATIONS.**—

**"(1) IN GENERAL.**—A State may apply for funds from its allotment under subsection (c) for a period of five consecutive fiscal years by submitting to the Secretary, in writing, a plan that meets the requirements of paragraph (2) and the certifications required by paragraph (3) with respect to the plan.

**"(2) STATE PLAN.**—A plan meets the requirements of this paragraph if the plan specifies which State agency or agencies will administer, supervise, or oversee the programs carried out under the plan, and describes how the State intends to do the following:

**"(A)** Design and deliver programs to achieve the purposes of this section.

**"(B)** Ensure that all political subdivisions in the State are served by the program, though not necessarily in a uniform manner.

**"(C)** Ensure that the programs serve children of various ages and at various stages of achieving independence.

**"(D)** Involve the public and private sectors in helping adolescents in foster care achieve independence.

**"(E)** Use objective criteria for determining eligibility for benefits and services under the programs, and for ensuring fair and equitable treatment of benefit recipients.

**"(F)** Cooperate in national evaluations of the effects of the programs in achieving the purposes of this section.

**"(3) CERTIFICATIONS.**—The certifications required by this paragraph with respect to a plan are the following:

**"(A)** A certification by the chief executive officer of the State that the State will provide assistance and services to children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

**"(B)** A certification by the chief executive officer of the State that not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

**"(C)** A certification by the chief executive officer of the State that none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.

**"(D)** A certification by the chief executive officer of the State that the State will use training funds provided under the program of Federal payments for foster care and adoption assistance to provide training to help foster parents, adoptive parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.

"(E) A certification by the chief executive officer of the State that the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.

"(F) A certification by the chief executive officer of the State that the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.

"(G) A certification by the chief executive officer of the State that each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.

"(H) A certification by the chief executive officer of the State that the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.

"(I) A certification by the chief executive officer of the State that the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

"(4) APPROVAL.—The Secretary shall approve an application submitted by a State pursuant to paragraph (1) for a period if—

"(A) the application is submitted on or before June 30 of the calendar year in which such period begins; and

"(B) the Secretary finds that the application contains the material required by paragraph (1).

"(5) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS; NOTIFICATION.—A State with an application approved under paragraph (4) may implement any amendment to the plan contained in the application if the application, incorporating the amendment, would be approvable under paragraph (4). Within 30 days after a State implements any such amendment, the State shall notify the Secretary of the amendment.

"(6) AVAILABILITY.—The State shall make available to the public any application submitted by the State pursuant to paragraph (1), and a brief summary of the plan contained in the application.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—From the amount specified in subsection (h) that remains after applying subsection (g)(2) for a fiscal year, the Secretary shall allot to each State with an application approved under subsection (b) for the fiscal year the amount which bears the same ratio to such remaining amount as the number of children in foster care under a program of the State in the most recent fiscal year for which such information is available bears to the total number of children in foster care in all States for such most recent fiscal year, as adjusted in accordance with paragraph (2).

"(2) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—The Secretary shall allot to each State whose allotment for a fis-

cal year under paragraph (1) is less than the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998, an additional amount equal to the difference between such allotment and such greater amount.

"(B) RATABLE REDUCTION OF CERTAIN ALLOTMENTS.—In the case of a State not described in subparagraph (A) of this paragraph for a fiscal year, the Secretary shall reduce the amount allotted to the State for the fiscal year under paragraph (1) by the amount that bears the same ratio to the sum of the differences determined under subparagraph (A) of this paragraph for the fiscal year as the excess of the amount so allotted over the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998 bears to the sum of such excess amounts determined for all such States.

"(d) USE OF FUNDS.—

"(1) IN GENERAL.—A State to which an amount is paid from its allotment under subsection (c) may use the amount in any manner that is reasonably calculated to accomplish the purposes of this section.

"(2) NO SUPPLANTATION OF OTHER FUNDS AVAILABLE FOR SAME GENERAL PURPOSES.—The amounts paid to a State from its allotment under subsection (c) shall be used to supplement and not supplant any other funds which are available for the same general purposes in the State.

"(3) TWO-YEAR AVAILABILITY OF FUNDS.—Payments made to a State under this section for a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year.

"(e) PENALTIES.—

"(1) USE OF GRANT IN VIOLATION OF THIS PART.—If the Secretary is made aware, by an audit conducted under chapter 75 of title 31, United States Code, or by any other means, that a program receiving funds from an allotment made to a State under subsection (c) has been operated in a manner that is inconsistent with, or not disclosed in the State application approved under subsection (b), the Secretary shall assess a penalty against the State in an amount equal to not less than 1 percent and not more than 5 percent of the amount of the allotment.

"(2) FAILURE TO COMPLY WITH DATA REPORTING REQUIREMENT.—The Secretary shall assess a penalty against a State that fails during a fiscal year to comply with an information collection plan implemented under subsection (f) in an amount equal to not less than 1 percent and not more than 5 percent of the amount allotted to the State for the fiscal year.

"(3) PENALTIES BASED ON DEGREE OF NON-COMPLIANCE.—The Secretary shall assess penalties under this subsection based on the degree of noncompliance.

"(f) DATA COLLECTION AND PERFORMANCE MEASUREMENT.—

"(1) IN GENERAL.—The Secretary, in consultation with State and local public officials responsible for administering independent living and other child welfare programs, child welfare advocates, members of Congress, youth service providers, and researchers, shall—

"(A) develop outcome measures (including measures of educational attainment, high school diploma, employment, avoidance of dependency, homelessness, nonmarital childbirth, incarceration, and high-risk behaviors) that can be used to assess the performance of States in operating independent living programs;

"(B) identify data elements needed to track—

"(i) the number and characteristics of children receiving services under this section;

"(ii) the type and quantity of services being provided; and

"(iii) State performance on the outcome measures; and

"(C) develop and implement a plan to collect the needed information beginning with the second fiscal year beginning after the date of the enactment of this section.

"(2) REPORT TO THE CONGRESS.—Within 12 months after the date of the enactment of this section, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the plans and timetable for collecting from the States the information described in paragraph (1) and a proposal to impose penalties consistent with paragraph (e)(2) on States that do not report data.

"(g) EVALUATIONS.—

"(1) IN GENERAL.—The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of any such program shall include information on the effects of the program on education, employment, and personal development. To the maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.

"(2) FUNDING OF EVALUATIONS.—The Secretary shall reserve 1.5 percent of the amount specified in subsection (h) for a fiscal year to carry out, during the fiscal year, evaluation, technical assistance, performance measurement, and data collection activities related to this section, directly or through grants, contracts, or cooperative agreements with appropriate entities.

"(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section and for payments to States under section 474(a)(4), there are authorized to be appropriated to the Secretary \$140,000,000 for each fiscal year."

(c) PAYMENTS TO STATES.—Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

"(4) the lesser of—

"(A) 80 percent of the amount (if any) by which—

"(i) the total amount expended by the State during the fiscal year in which the quarter occurs to carry out programs in accordance with the State application approved under section 477(b) for the period in which the quarter occurs (including any amendment that meets the requirements of section 477(b)(5)); exceeds

"(ii) the total amount of any penalties assessed against the State under section 477(e) during the fiscal year in which the quarter occurs; or

"(B) the amount allotted to the State under section 477 for the fiscal year in which the quarter occurs, reduced by the total of the amounts payable to the State under this paragraph for all prior quarters in the fiscal year."

(d) REGULATIONS.—Not later than 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue such regulations as may be necessary to carry out the amendments made by this section.

(e) SENSE OF THE CONGRESS.—It is the sense of the Congress that States should provide medical assistance under the State plan approved under title XIX of the Social Security Act to 18-, 19-, and 20-year-olds who have been emancipated from foster care.

**Subtitle B—Related Foster Care Provision**  
**SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.**

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: "In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B)), as so in effect) have a combined value of not more than \$10,000 shall be considered to be a child whose resources have a combined value of not more than \$1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B))."

**SEC. 112. PREPARATION OF FOSTER PARENTS TO PROVIDE FOR THE NEEDS OF CHILDREN IN STATE CARE.**

(a) **STATE PLAN REQUIREMENT.**—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking "and" at the end of paragraph (22);

(2) by striking the period at the end of paragraph (23) and inserting "; and"; and

(3) by adding at the end the following: "(24) include a certification that, before a child in foster care under the responsibility of the State is placed with prospective foster parents, the prospective foster parents will be prepared adequately with the appropriate knowledge and skills to provide for the needs of the child, and that such preparation will be continued, as necessary, after the placement of the child."

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall take effect on October 1, 1999.

**Subtitle C—Medicaid Amendments**

**SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR ADOLESCENTS LEAVING FOSTER CARE.**

(a) **IN GENERAL.**—Subject to subsection (c), title XIX of the Social Security Act is amended—

(1) in section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii))—

(A) by striking "or" at the end of subclause (XIII);

(B) by adding "or" at the end of subclause (XIV); and

(C) by adding at the end the following new subclause:

"(XV) who are independent foster care adolescents (as defined in section 1905(v)(1)), or who are within any reasonable categories of such adolescents specified by the State"; and

(2) by adding at the end of section 1905 (42 U.S.C. 1396d) the following new subsection:

"(v)(1) For purposes of this title, the term 'independent foster care adolescent' means an individual—

"(A) who is under 21 years of age;

"(B) who, on the individual's 18th birthday, was in foster care under the responsibility of a State; and

"(C) whose assets, resources, and income do not exceed such levels (if any) as the State may establish consistent with paragraph (2).

"(2) The levels established by a State under paragraph (1)(C) may not be less than the corresponding levels applied by the State under section 1931(b).

"(3) A State may limit the eligibility of independent foster care adolescents under section 1902(a)(10)(A)(ii)(XV) to those individuals with respect to whom foster care maintenance payments or independent living services were furnished under a program funded under part E of title IV before the date the individuals attained 18 years of age."

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) apply to medical as-

sistance for items and services furnished on or after October 1, 1999.

(c) **CONTINGENCY IN ENACTMENT.**—If the Ticket to Work and Work Incentives Improvement Act of 1999 is enacted (whether before, on, or after the date of the enactment of this Act)—

(1) the amendments made by that Act shall be executed as if this Act had been enacted after the enactment of such other Act;

(2) with respect to subsection (a)(1)(A) of this section, any reference to subclause (XIII) is deemed a reference to subclause (XV);

(3) with respect to subsection (a)(1)(B) of this section, any reference to subclause (XIV) is deemed a reference to subclause (XVI);

(4) the subclause (XV) added by subsection (a)(1)(C) of this section—

(A) is redesignated as subclause (XVII); and

(B) is amended by striking "section 1905(v)(1)" and inserting "section 1905(w)(1)"; and

(5) the subsection (v) added by subsection (a)(2) of this section—

(A) is redesignated as subsection (w); and

(B) is amended by striking "1902(a)(10)(A)(ii)(XV)" and inserting "1902(a)(10)(A)(ii)(XVII)".

**Subtitle D—Adoption Incentive Payments**  
**SEC. 131. INCREASED FUNDING FOR ADOPTION INCENTIVE PAYMENTS.**

(a) **SUPPLEMENTAL GRANTS.**—Section 473A of the Social Security Act (42 U.S.C. 673b) is amended by adding at the end the following: "(j) **SUPPLEMENTAL GRANTS.**—

"(1) **IN GENERAL.**—Subject to the availability of such amounts as may be provided in advance in appropriations Acts, in addition to any amount otherwise payable under this section to any State that is an incentive-eligible State for fiscal year 1998, the Secretary shall make a grant to the State in an amount equal to the lesser of—

"(A) the amount by which—

"(i) the amount that would have been payable to the State under this section during fiscal year 1999 (on the basis of adoptions in fiscal year 1998) in the absence of subsection (d)(2) if sufficient funds had been available for the payment; exceeds

"(ii) the amount that, before the enactment of this subsection, was payable to the State under this section during fiscal year 1999 (on such basis); or

"(B) the amount that bears the same ratio to the dollar amount specified in paragraph (2) as the amount described by subparagraph (A) for the State bears to the aggregate of the amounts described by subparagraph (A) for all States that are incentive-eligible States for fiscal year 1998.

"(2) **FUNDING.**—\$23,000,000 of the amounts appropriated under subsection (h)(1) for fiscal year 2000 may be used for grants under paragraph (1) of this subsection."

(b) **LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.**—Section 473A(h)(1) of the Social Security Act (42 U.S.C. 673b(h)(1)) is amended to read as follows:

"(1) **IN GENERAL.**—For grants under subsection (a), there are authorized to be appropriated to the Secretary—

"(A) \$20,000,000 for fiscal year 1999;

"(B) \$43,000,000 for fiscal year 2000; and

"(C) \$20,000,000 for each of fiscal years 2001 through 2003."

**TITLE II—SSI FRAUD PREVENTION**  
**Subtitle A—Fraud Prevention and Related Provisions**

**SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR OVERPAYMENTS TO DECEASED RECIPIENTS.**

(a) **AMENDMENT TO TITLE II.**—Section 204(a)(2) of the Social Security Act (42 U.S.C. 404(a)(2)) is amended by adding at the end the

following new sentence: "If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual's death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee."

(b) **AMENDMENT TO TITLE XVI.**—Section 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amended by adding at the end the following new sentence: "If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual's death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to overpayments made 12 months or more after the date of the enactment of this Act.

**SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS FROM LUMP SUM SSI BENEFIT PAYMENTS.**

(a) **IN GENERAL.**—Section 1631(b)(1)(B)(ii) of the Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is amended—

(1) by inserting "monthly" before "benefit payments"; and

(2) by inserting "and in the case of an individual or eligible spouse to whom a lump sum is payable under this title (including under section 1616(a) of this Act or under an agreement entered into under section 212(a) of Public Law 93-66) shall, as at least one means of recovering such overpayment, make the adjustment or recovery from the lump sum payment in an amount equal to not less than the lesser of the amount of the overpayment or 50 percent of the lump sum payment," before "unless fraud".

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect 12 months after the date of the enactment of this Act and shall apply to amounts incorrectly paid which remain outstanding on or after such date.

**SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.**

(a) **IN GENERAL.**—Section 1631(b) of the Social Security Act (42 U.S.C. 1383(b)) is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following:

"(4)(A) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, all as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

"(B) For purposes of subparagraph (A), the term 'delinquent amount' means an amount—

"(i) in excess of the correct amount of payment under this title;

"(ii) paid to a person after such person has attained 18 years of age; and

"(iii) determined by the Commissioner of Social Security, under regulations, to be otherwise unrecoverable under this section after such person ceases to be a beneficiary under this title."

(b) **CONFORMING AMENDMENTS.**—Section 3701(d)(2) of title 31, United States Code, is amended by striking "section 204(f)" and inserting "sections 204(f) and 1631(b)(4)".

(c) **TECHNICAL AMENDMENTS.**—Section 204(f) of the Social Security Act (42 U.S.C. 404(f)) is amended—

(1) by striking "3711(e)" and inserting "3711(f)"; and

(2) by inserting "all" before "as in effect".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to debt outstanding on or after the date of the enactment of this Act.

**SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER INFORMATION TO FEDERAL AND FEDERALLY ASSISTED BENEFIT PROGRAMS.**

Section 1611(e)(1)(I)(ii)(II) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking "is authorized to" and inserting "shall".

**SEC. 205. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM.**

(a) TREATMENT AS RESOURCE.—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

**"Trusts**

"(e)(1) In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual.

"(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual's spouse) are transferred to the trust other than by will.

"(B) In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual's spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual's spouse).

"(C) This subsection shall apply to a trust without regard to—

"(i) the purposes for which the trust is established;

"(ii) whether the trustees have or exercise any discretion under the trust;

"(iii) any restrictions on when or whether distributions may be made from the trust; or

"(iv) any restrictions on the use of distributions from the trust.

"(3)(A) In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.

"(B) In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual or the individual's spouse, the portion of the corpus from which payment to or for the benefit of the individual or the individual's spouse could be made shall be considered a resource available to the individual.

"(4) The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commissioner determines that such application would work an undue hardship (as determined on the basis of criteria established by the Commissioner) on the individual.

"(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

"(6) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

"(B) the term 'corpus' means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

"(C) the term 'asset' includes any income or resource of the individual or of the individual's spouse, including—

"(i) any income excluded by section 1612(b);

"(ii) any resource otherwise excluded by this section; and

"(iii) any other payment or property to which the individual or the individual's spouse is entitled but does not receive or have access to because of action by—

"(I) the individual or spouse;

"(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

"(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse."

(b) TREATMENT AS INCOME.—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following:

"(G) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual."

(c) CONFORMING AMENDMENTS.—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by adding "and" at the end of subparagraph (F); and

(3) by inserting after subparagraph (F) the following:

"(G) that, in applying eligibility criteria of the supplemental security income program under title XVI for purposes of determining eligibility for medical assistance under the State plan of an individual who is not receiving supplemental security income, the State will disregard the provisions of section 1613(e)";

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2000, and shall apply to trusts established on or after such date.

**SEC. 206. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM.**

(a) IN GENERAL.—Section 1613(c) of the Social Security Act (42 U.S.C. 1382b(c)) is amended—

(1) in the caption, by striking "Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on";

(2) in paragraph (1)—

(A) in subparagraph (A)—

(i) by inserting "paragraph (1) and" after "provisions of";

(ii) by striking "title XIX" the first place it appears and inserting "this title and title XIX, respectively";

(iii) by striking "subparagraph (B)" and inserting "clause (ii)";

(iv) by striking "paragraph (2)" and inserting "subparagraph (B)";

(B) in subparagraph (B)—

(i) by striking "by the State agency"; and

(ii) by striking "section 1917(c)" and all that follows and inserting "paragraph (1) or section 1917(c)"; and

(C) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) in paragraph (2)—

(A) by striking "(2)" and inserting "(B)"; and

(B) by striking "paragraph (1)(B)" and inserting "subparagraph (A)(ii)";

(4) by striking "(c)(1)" and inserting "(2)(A)"; and

(5) by inserting before paragraph (2) (as so redesignated by paragraph (4) of this subsection) the following:

"(c)(1)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

"(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

"(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

"(iii) The date described in this clause is the first day of the first month in or after which resources were disposed of for less than fair market value and which does not occur in any other period of ineligibility under this paragraph.

"(iv) The number of months calculated under this clause shall be equal to—

"(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

"(II) the amount of the maximum monthly benefit payable under section 1611(b), plus the amount (if any) of the maximum State supplementary payment corresponding to the State's payment level applicable to the individual's living arrangement and eligibility category that would otherwise be payable to the individual by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66, for the month in which occurs the date described in clause (ii)(II), rounded, in the case of any fraction, to the nearest whole number, but shall not in any case exceed 36 months.

"(B)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

"(ii) In the case of a trust established by an individual or an individual's spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual; or

"(II) no payment could under any circumstance be made to the individual, then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual's spouse as of the date of the payment or foreclosure, as the case may be.

"(C) An individual shall not be ineligible for benefits under this title by reason of the application of this paragraph to a disposal of resources by the individual or the spouse of the individual, to the extent that—

"(i) the resources are a home and title to the home was transferred to—

"(I) the spouse of the transferor;

"(II) a child of the transferor who has not attained 21 years of age, or is blind or disabled;

"(III) a sibling of the transferor who has an equity interest in such home and who was residing in the transferor's home for a period of at least 1 year immediately before the date the transferor becomes an institutionalized individual; or

"(IV) a son or daughter of the transferor (other than a child described in subclause (II)) who was residing in the transferor's home for a period of at least 2 years immediately before the date the transferor becomes an institutionalized individual, and who provided care to the transferor which permitted the transferor to reside at home rather than in such an institution or facility;

"(ii) the resources—

"(I) were transferred to the transferor's spouse or to another for the sole benefit of the transferor's spouse;

"(II) were transferred from the transferor's spouse to another for the sole benefit of the transferor's spouse;

"(III) were transferred to, or to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of, the transferor's child who is blind or disabled; or

"(IV) were transferred to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of an individual who has not attained 65 years of age and who is disabled;

"(iii) a satisfactory showing is made to the Commissioner of Social Security (in accordance with regulations promulgated by the Commissioner) that—

"(I) the individual who disposed of the resources intended to dispose of the resources either at fair market value, or for other valuable consideration;

"(II) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

"(III) all resources transferred for less than fair market value have been returned to the transferor; or

"(iv) the Commissioner determines, under procedures established by the Commissioner, that the denial of eligibility would work an undue hardship as determined on the basis of criteria established by the Commissioner.

"(D) For purposes of this subsection, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by the individual when any action is taken, either by the individual or by any other person, that reduces or eliminates the individual's ownership or control of such resource.

"(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual's spouse if the spouse becomes eligible for benefits under this title.

"(F) For purposes of this paragraph—

"(i) the term 'benefits under this title' includes payments of the type described in section 1616(a) of this Act and of the type described in section 212(b) of Public Law 93-66;

"(ii) the term 'institutionalized individual' has the meaning given such term in section 1917(e)(3); and

"(iii) the term 'trust' has the meaning given such term in subsection (e)(6)(A) of this section."

(b) **CONFORMING AMENDMENT.**—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)), as amended by section 205(c) of this Act, is amended by striking "section 1613(e)" and inserting "subsections (c) and (e) of section 1613".

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be effective with respect to disposals made on or after the date of the enactment of this Act.

**SEC. 207. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

(a) **IN GENERAL.**—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129 the following:

**"SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

"(a) **IN GENERAL.**—Any person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to or the amount of—

"(1) monthly insurance benefits under title II; or

"(2) benefits or payments under title XVI, that the person knows or should know is false or misleading or knows or should know omits a material fact or who makes such a statement with knowing disregard for the truth shall be subject to, in addition to any other penalties that may be prescribed by law, a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.

"(b) **PENALTY.**—The penalty described in this subsection is—

"(1) nonpayment of benefits under title II that would otherwise be payable to the person; and

"(2) ineligibility for cash benefits under title XVI, for each month that begins during the applicable period described in subsection (c).

"(c) **DURATION OF PENALTY.**—The duration of the applicable period, with respect to a determination by the Commissioner under subsection (a) that a person has engaged in conduct described in subsection (a), shall be—

"(1) six consecutive months, in the case of the first such determination with respect to the person;

"(2) twelve consecutive months, in the case of the second such determination with respect to the person; and

"(3) twenty-four consecutive months, in the case of the third or subsequent such determination with respect to the person.

"(d) **EFFECT ON OTHER ASSISTANCE.**—A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of—

"(1) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

"(2) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

"(e) **DEFINITION.**—In this section, the term 'benefits under title XVI' includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

"(f) **CONSULTATIONS.**—The Commissioner of Social Security shall consult with the Inspector General of the Social Security Administration regarding initiating actions under this section."

(b) **CONFORMING AMENDMENT PRECLUDING DELAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH A NONPAYMENT OF BENEFITS PENALTY APPLIES.**—Section 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B)) is amended—

(1) by striking "and" at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting ", and"; and

(3) by adding at the end the following:  
 "(iii) such individual was not subject to a penalty imposed under section 1129A."

(c) **ELIMINATION OF REDUNDANT PROVISION.**—Section 1611(e) of such Act (42 U.S.C. 1382(e)) is amended—

(1) by striking paragraph (4);

(2) in paragraph (6)(A)(i), by striking "(5)" and inserting "(4)"; and

(3) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(d) **REGULATIONS.**—Within 6 months after the date of the enactment of this Act, the Commissioner of Social Security shall develop regulations that prescribe the administrative process for making determinations under section 1129A of the Social Security Act (including when the applicable period in subsection (c) of such section shall commence), and shall provide guidance on the exercise of discretion as to whether the penalty should be imposed in particular cases.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to statements and representations made on or after the date of the enactment of this Act.

**SEC. 208. EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS.**

(a) **IN GENERAL.**—Part A of title XI of the Social Security Act is amended by inserting before section 1137 (42 U.S.C. 1320b-7) the following:

**"EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS**

"SEC. 1136. (a) **IN GENERAL.**—The Commissioner of Social Security shall exclude from participation in the social security programs any representative or health care provider—

"(1) who is convicted of a violation of section 208 or 1632 of this Act;

"(2) who is convicted of any violation under title 18, United States Code, relating to an initial application for or continuing entitlement to, or amount of, benefits under title II of this Act, or an initial application for or continuing eligibility for, or amount of, benefits under title XVI of this Act; or

"(3) who the Commissioner determines has committed an offense described in section 1129(a)(1) of this Act.

"(b) **NOTICE, EFFECTIVE DATE, AND PERIOD OF EXCLUSION.**—(1) An exclusion under this section shall be effective at such time, for such period, and upon such reasonable notice to the public and to the individual excluded as may be specified in regulations consistent with paragraph (2).

"(2) Such an exclusion shall be effective with respect to services furnished to any individual on or after the effective date of the exclusion. Nothing in this section may be construed to preclude, in determining disability under title II or title XVI, consideration of any medical evidence derived from services provided by a health care provider before the effective date of the exclusion of the health care provider under this section.

"(3)(A) The Commissioner shall specify, in the notice of exclusion under paragraph (1), the period of the exclusion.

"(B) Subject to subparagraph (C), in the case of an exclusion under subsection (a), the minimum period of exclusion shall be five years, except that the Commissioner may waive the exclusion in the case of an individual who is the sole source of essential services in a community. The Commissioner's decision whether to waive the exclusion shall not be reviewable.

"(C) In the case of an exclusion of an individual under subsection (a) based on a conviction or a determination described in subsection (a)(3) occurring on or after the date

of the enactment of this section, if the individual has (before, on, or after such date of the enactment) been convicted, or if such a determination has been made with respect to the individual—

“(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years; or

“(ii) on two or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.

“(c) NOTICE TO STATE AGENCIES.—The Commissioner shall promptly notify each appropriate State agency employed for the purpose of making disability determinations under section 221 or 1633(a)—

“(1) of the fact and circumstances of each exclusion effected against an individual under this section; and

“(2) of the period (described in subsection (b)(3)) for which the State agency is directed to exclude the individual from participation in the activities of the State agency in the course of its employment.

“(d) NOTICE TO STATE LICENSING AGENCIES.—The Commissioner shall—

“(1) promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of an individual excluded from participation under this section of the fact and circumstances of the exclusion;

“(2) request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy; and

“(3) request that the State or local agency or authority keep the Commissioner and the Inspector General of the Social Security Administration fully and currently informed with respect to any actions taken in response to the request.

“(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—(1) Any individual who is excluded (or directed to be excluded) from participation under this section is entitled to reasonable notice and opportunity for a hearing thereon by the Commissioner to the same extent as is provided in section 205(b), and to judicial review of the Commissioner's final decision after such hearing as is provided in section 205(g).

“(2) The provisions of section 205(h) shall apply with respect to this section to the same extent as it is applicable with respect to title II.

“(f) APPLICATION FOR TERMINATION OF EXCLUSION.—(1) An individual excluded from participation under this section may apply to the Commissioner, in the manner specified by the Commissioner in regulations and at the end of the minimum period of exclusion provided under subsection (b)(3) and at such other times as the Commissioner may provide, for termination of the exclusion effected under this section.

“(2) The Commissioner may terminate the exclusion if the Commissioner determines, on the basis of the conduct of the applicant which occurred after the date of the notice of exclusion or which was unknown to the Commissioner at the time of the exclusion, that—

“(A) there is no basis under subsection (a) for a continuation of the exclusion; and

“(B) there are reasonable assurances that the types of actions which formed the basis for the original exclusion have not recurred and will not recur.

“(3) The Commissioner shall promptly notify each State agency employed for the purpose of making disability determinations under section 221 or 1633(a) of the fact and circumstances of each termination of exclusion made under this subsection.

“(g) AVAILABILITY OF RECORDS OF EXCLUDED REPRESENTATIVES AND HEALTH CARE PROVIDERS.—Nothing in this section shall be construed to have the effect of limiting access by any applicant or beneficiary under title II or XVI, any State agency acting under section 221 or 1633(a), or the Commissioner to records maintained by any representative or health care provider in connection with services provided to the applicant or beneficiary prior to the exclusion of such representative or health care provider under this section.

“(h) REPORTING REQUIREMENT.—Any representative or health care provider participating in, or seeking to participate in, a social security program shall inform the Commissioner, in such form and manner as the Commissioner shall prescribe by regulation, whether such representative or health care provider has been convicted of a violation described in subsection (a).

“(i) DELEGATION OF AUTHORITY.—The Commissioner may delegate authority granted by this section to the Inspector General.

“(j) DEFINITIONS.—For purposes of this section:

“(1) EXCLUDE.—The term ‘exclude’ from participation means—

“(A) in connection with a representative, to prohibit from engaging in representation of an applicant for, or recipient of, benefits, as a representative payee under section 205(j) or section 1631(a)(2)(A)(ii), or otherwise as a representative, in any hearing or other proceeding relating to entitlement to benefits; and

“(B) in connection with a health care provider, to prohibit from providing items or services to an applicant for, or recipient of, benefits for the purpose of assisting such applicant or recipient in demonstrating disability.

“(2) SOCIAL SECURITY PROGRAM.—The term ‘social security programs’ means the program providing for monthly insurance benefits under title II, and the program providing for monthly supplemental security income benefits to individuals under title XVI (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66).

“(3) CONVICTED.—An individual is considered to have been ‘convicted’ of a violation—

“(A) when a judgment of conviction has been entered against the individual by a Federal, State, or local court, except if the judgment of conviction has been set aside or expunged;

“(B) when there has been a finding of guilt against the individual by a Federal, State, or local court;

“(C) when a plea of guilty or nolo contendere by the individual has been accepted by a Federal, State, or local court; or

“(D) when the individual has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to convictions of violations described in paragraphs (1) and (2) of section 1136(a) of the Social Security Act and determinations described in paragraph (3) of such section occurring on or after the date of the enactment of this Act.

#### SEC. 209. STATE DATA EXCHANGES.

Whenever the Commissioner of Social Security requests information from a State for the purpose of ascertaining an individual's eligibility for benefits (or the correct amount of such benefits) under title II or XVI of the Social Security Act, the standards of the Commissioner promulgated pur-

suant to section 1106 of such Act or any other Federal law for the use, safeguarding, and disclosure of information are deemed to meet any standards of the State that would otherwise apply to the disclosure of information by the State to the Commissioner.

#### SEC. 210. STUDY ON POSSIBLE MEASURES TO IMPROVE FRAUD PREVENTION AND ADMINISTRATIVE PROCESSING.

(a) STUDY.—As soon as practicable after the date of the enactment of this Act, the Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration and the Attorney General, shall conduct a study of possible measures to improve—

(1) prevention of fraud on the part of individuals entitled to disability benefits under section 223 of the Social Security Act or benefits under section 202 of such Act based on the beneficiary's disability, individuals eligible for supplemental security income benefits under title XVI of such Act, and applicants for any such benefits; and

(2) timely processing of reported income changes by individuals receiving such benefits.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report that contains the results of the Commissioner's study under subsection (a). The report shall contain such recommendations for legislative and administrative changes as the Commissioner considers appropriate.

#### SEC. 211. ANNUAL REPORT ON AMOUNTS NECESSARY TO COMBAT FRAUD.

(a) IN GENERAL.—Section 704(b)(1) of the Social Security Act (42 U.S.C. 904(b)(1)) is amended—

(1) by inserting “(A)” after “(b)(1)”; and

(2) by adding at the end the following new subparagraph:

“(B) The Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) an itemization of the amount of funds required by the Social Security Administration for the fiscal year covered by the budget to support efforts to combat fraud committed by applicants and beneficiaries.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to annual budgets prepared for fiscal years after fiscal year 1999.

#### SEC. 212. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA.

(a) IN GENERAL.—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following:

“(J) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary of Health and Human Services under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician's certification otherwise required under subparagraph (G)(i).”

(b) CONFORMING AMENDMENT.—Section 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is amended by striking “subparagraph (H)” and inserting “subparagraph (H) or (J)”.

#### SEC. 213. ACCESS TO INFORMATION HELD BY FINANCIAL INSTITUTIONS.

Section 1631(e)(1)(B) of the Social Security Act (42 U.S.C. 1383(e)(1)(B)) is amended—

(1) by striking "(B) The" and inserting "(B)(i) The"; and

(2) by adding at the end the following new clause:

"(ii)(I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain (subject to the cost reimbursement requirements of section 115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

"(II) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subclause (I) of this clause shall remain effective until the earliest of—

"(aa) the rendering of a final adverse decision on the applicant's application for eligibility for benefits under this title;

"(bb) the cessation of the recipient's eligibility for benefits under this title; or

"(cc) the express revocation by the applicant or recipient (or such other person referred to in subclause (I) of the authorization, in a written notification to the Commissioner.

"(III)(aa) An authorization obtained by the Commissioner of Social Security pursuant to this clause shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

"(bb) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this clause.

"(cc) A request by the Commissioner pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

"(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

"(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title."

#### Subtitle B—Benefits For Certain World War II Veterans

#### SEC. 251. ESTABLISHMENT OF PROGRAM OF SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS.

(a) IN GENERAL.—The Social Security Act is amended by inserting after title VII the following new title:

#### "TITLE VIII—SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS

##### "TABLE OF CONTENTS

"Sec. 801. Basic entitlement to benefits.

"Sec. 802. Qualified individuals.

"Sec. 803. Residence outside the United States.

"Sec. 804. Disqualifications.

"Sec. 805. Benefit amount.

"Sec. 806. Applications and furnishing of information.

"Sec. 807. Representative payees.

"Sec. 808. Overpayments and underpayments.

"Sec. 809. Hearings and review.

"Sec. 810. Other administrative provisions.

"Sec. 811. Penalties for fraud.

"Sec. 812. Definitions.

"Sec. 813. Appropriations.

#### "SEC. 801. BASIC ENTITLEMENT TO BENEFITS.

"Every individual who is a qualified individual under section 802 shall, in accordance with and subject to the provisions of this title, be entitled to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or such earlier month, if the Commissioner determines is administratively feasible) the individual resides outside the United States.

#### "SEC. 802. QUALIFIED INDIVIDUALS.

"Except as otherwise provided in this title, an individual—

"(1) who has attained the age of 65 on or before the date of the enactment of this title;

"(2) who is a World War II veteran;

"(3) who is eligible for a supplemental security income benefit under title XVI for—

"(A) the month in which this title is enacted; and

"(B) the month in which the individual files an application for benefits under this title;

"(4) whose total benefit income is less than 75 percent of the Federal benefit rate under title XVI;

"(5) who has filed an application for benefits under this title; and

"(6) who is in compliance with all requirements imposed by the Commissioner of Social Security under this title.

shall be a qualified individual for purposes of this title.

#### "SEC. 803. RESIDENCE OUTSIDE THE UNITED STATES.

"For purposes of section 801, with respect to any month, an individual shall be regarded as residing outside the United States if, on the first day of the month, the individual so resides outside the United States.

#### "SEC. 804. DISQUALIFICATIONS.

"(a) IN GENERAL.—Notwithstanding section 802, an individual may not be a qualified individual for any month—

"(1) that begins after the month in which the Commissioner of Social Security is notified by the Attorney General that the individual has been removed from the United States pursuant to section 237(a) or 212(a)(6)(A) of the Immigration and Nationality Act and before the month in which the individual is lawfully admitted to the United States for permanent residence;

"(2) during any part of which the individual is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the United States or the jurisdiction within the United States from which the person has fled, for a crime, or an attempt to commit a crime, that is a felony under the laws of the place from which the individual has fled, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

"(3) during any part of which the individual violates a condition of probation or parole imposed under Federal or State law; or

"(4) during which the individual resides in a foreign country and is not a citizen or national of the United States if payments for

such month to individuals residing in such country are withheld by the Treasury Department under section 3329 of title 31, United States Code.

"(b) REQUIREMENT FOR ATTORNEY GENERAL.—For the purpose of carrying out subsection (a)(1), the Attorney General shall notify the Commissioner of Social Security as soon as practicable after the removal of any individual under section 237(a) or 212(a)(6)(A) of the Immigration and Nationality Act.

#### "SEC. 805. BENEFIT AMOUNT.

"The benefit under this title payable to a qualified individual for any month shall be in an amount equal to 75 percent of the Federal benefit rate under title XVI for the month, reduced by the amount of the qualified individual's benefit income for the month.

#### "SEC. 806. APPLICATIONS AND FURNISHING OF INFORMATION.

"(a) IN GENERAL.—The Commissioner of Social Security shall, subject to subsection (b), prescribe such requirements with respect to the filing of applications, the furnishing of information and other material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

"(b) VERIFICATION REQUIREMENT.—The requirements prescribed by the Commissioner of Social Security under subsection (a) shall preclude any determination of entitlement to benefits under this title solely on the basis of declarations by the individual concerning qualifications or other material facts, and shall provide for verification of material information from independent or collateral sources, and the procurement of additional information as necessary in order to ensure that the benefits are provided only to qualified individuals (or their representative payees) in correct amounts.

#### "SEC. 807. REPRESENTATIVE PAYEES.

"(a) IN GENERAL.—If the Commissioner of Social Security determines that the interest of any qualified individual under this title would be served thereby, payment of the qualified individual's benefit under this title may be made, regardless of the legal competency or incompetency of the qualified individual, either directly to the qualified individual, or for his or her benefit, to another person (the meaning of which term, for purposes of this section, includes an organization) with respect to whom the requirements of subsection (b) have been met (in this section referred to as the qualified individual's 'representative payee'). If the Commissioner of Social Security determines that a representative payee has misused any benefit paid to the representative payee pursuant to this section, section 205(j), or section 1631(a)(2), the Commissioner of Social Security shall promptly revoke the person's designation as the qualified individual's representative payee under this subsection, and shall make payment to an alternative representative payee or, if the interest of the qualified individual under this title would be served thereby, to the qualified individual.

#### "(b) EXAMINATION OF FITNESS OF PROSPECTIVE REPRESENTATIVE PAYEE.—

"(1) Any determination under subsection (a) to pay the benefits of a qualified individual to a representative payee shall be made on the basis of—

"(A) an investigation by the Commissioner of Social Security of the person to serve as representative payee, which shall be conducted in advance of the determination and shall, to the extent practicable, include a face-to-face interview with the person (or, in the case of an organization, a representative of the organization); and

"(B) adequate evidence that the arrangement is in the interest of the qualified individual.

"(2) As part of the investigation referred to in paragraph (1), the Commissioner of Social Security shall—

"(A) require the person being investigated to submit documented proof of the identity of the person;

"(B) in the case of a person who has a social security account number issued for purposes of the program under title II or an employer identification number issued for purposes of the Internal Revenue Code of 1986, verify the number;

"(C) determine whether the person has been convicted of a violation of section 208, 811, or 1632; and

"(D) determine whether payment of benefits to the person in the capacity as representative payee has been revoked or terminated pursuant to this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or XVI, respectively.

"(C) REQUIREMENT FOR MAINTAINING LISTS OF UNDESIRABLE PAYEES.—The Commissioner of Social Security shall establish and maintain lists which shall be updated periodically and which shall be in a form that renders such lists available to the servicing offices of the Social Security Administration. The lists shall consist of—

"(1) the names and (if issued) social security account numbers or employer identification numbers of all persons with respect to whom, in the capacity of representative payee, the payment of benefits has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or XVI, respectively; and

"(2) the names and (if issued) social security account numbers or employer identification numbers of all persons who have been convicted of a violation of section 208, 811, or 1632.

"(d) PERSONS INELIGIBLE TO SERVE AS REPRESENTATIVE PAYEES.—

"(1) IN GENERAL.—The benefits of a qualified individual may not be paid to any other person pursuant to this section if—

"(A) the person has been convicted of a violation of section 208, 811, or 1632;

"(B) except as provided in paragraph (2), payment of benefits to the person in the capacity of representative payee has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(ii) by reason of misuse of funds paid as benefits under this title, title II, or title XVI, respectively; or

"(C) except as provided in paragraph (2)(B), the person is a creditor of the qualified individual and provides the qualified individual with goods or services for consideration.

"(2) EXEMPTIONS.—

"(A) The Commissioner of Social Security may prescribe circumstances under which the Commissioner of Social Security may grant an exemption from paragraph (1) to any person on a case-by-case basis if the exemption is in the best interest of the qualified individual whose benefits would be paid to the person pursuant to this section.

"(B) Paragraph (1)(C) shall not apply with respect to any person who is a creditor referred to in such paragraph if the creditor is—

"(i) a relative of the qualified individual and the relative resides in the same household as the qualified individual;

"(ii) a legal guardian or legal representative of the individual;

"(iii) a facility that is licensed or certified as a care facility under the law of the political jurisdiction in which the qualified individual resides;

"(iv) a person who is an administrator, owner, or employee of a facility referred to in clause (iii), if the qualified individual re-

sides in the facility, and the payment to the facility or the person is made only after the Commissioner of Social Security has made a good faith effort to locate an alternative representative payee to whom payment would serve the best interests of the qualified individual; or

"(v) a person who is determined by the Commissioner of Social Security, on the basis of written findings and pursuant to procedures prescribed by the Commissioner of Social Security, to be acceptable to serve as a representative payee.

"(C) The procedures referred to in subparagraph (B)(v) shall require the person who will serve as representative payee to establish, to the satisfaction of the Commissioner of Social Security, that—

"(i) the person poses no risk to the qualified individual;

"(ii) the financial relationship of the person to the qualified individual poses no substantial conflict of interest; and

"(iii) no other more suitable representative payee can be found.

"(e) DEFERRAL OF PAYMENT PENDING APPOINTMENT OF REPRESENTATIVE PAYEE.—

"(1) IN GENERAL.—Subject to paragraph (2), if the Commissioner of Social Security makes a determination described in the first sentence of subsection (a) with respect to any qualified individual's benefit and determines that direct payment of the benefit to the qualified individual would cause substantial harm to the qualified individual, the Commissioner of Social Security may defer (in the case of initial entitlement) or suspend (in the case of existing entitlement) direct payment of the benefit to the qualified individual, until such time as the selection of a representative payee is made pursuant to this section.

"(2) TIME LIMITATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any deferral or suspension of direct payment of a benefit pursuant to paragraph (1) shall be for a period of not more than 1 month.

"(B) EXCEPTION IN THE CASE OF INCOMPETENCY.—Subparagraph (A) shall not apply in any case in which the qualified individual is, as of the date of the Commissioner of Social Security's determination, legally incompetent under the laws of the jurisdiction in which the individual resides.

"(3) PAYMENT OF RETROACTIVE BENEFITS.—Payment of any benefits which are deferred or suspended pending the selection of a representative payee shall be made to the qualified individual or the representative payee as a single sum or over such period of time as the Commissioner of Social Security determines is in the best interest of the qualified individual.

"(f) HEARING.—Any qualified individual who is dissatisfied with a determination by the Commissioner of Social Security to make payment of the qualified individual's benefit to a representative payee under subsection (a) of this section or with the designation of a particular person to serve as representative payee shall be entitled to a hearing by the Commissioner of Social Security to the same extent as is provided in section 809(a), and to judicial review of the Commissioner of Social Security's final decision as is provided in section 809(b).

"(g) NOTICE REQUIREMENTS.—

"(1) IN GENERAL.—In advance, to the extent practicable, of the payment of a qualified individual's benefit to a representative payee under subsection (a), the Commissioner of Social Security shall provide written notice of the Commissioner's initial determination to so make the payment. The notice shall be provided to the qualified individual, except that, if the qualified individual is legally incompetent, then the notice shall be provided

solely to the legal guardian or legal representative of the qualified individual.

"(2) SPECIFIC REQUIREMENTS.—Any notice required by paragraph (1) shall be clearly written in language that is easily understandable to the reader, shall identify the person to be designated as the qualified individual's representative payee, and shall explain to the reader the right under subsection (f) of the qualified individual or of the qualified individual's legal guardian or legal representative—

"(A) to appeal a determination that a representative payee is necessary for the qualified individual;

"(B) to appeal the designation of a particular person to serve as the representative payee of the qualified individual; and

"(C) to review the evidence upon which the designation is based and to submit additional evidence.

"(h) ACCOUNTABILITY MONITORING.—

"(1) IN GENERAL.—In any case where payment under this title is made to a person other than the qualified individual entitled to the payment, the Commissioner of Social Security shall establish a system of accountability monitoring under which the person shall report not less often than annually with respect to the use of the payments. The Commissioner of Social Security shall establish and implement statistically valid procedures for reviewing the reports in order to identify instances in which persons are not properly using the payments.

"(2) SPECIAL REPORTS.—Notwithstanding paragraph (1), the Commissioner of Social Security may require a report at any time from any person receiving payments on behalf of a qualified individual, if the Commissioner of Social Security has reason to believe that the person receiving the payments is misusing the payments.

"(3) MAINTAINING LISTS OF PAYEES.—The Commissioner of Social Security shall maintain lists which shall be updated periodically of—

"(A) the name, address, and (if issued) the social security account number or employer identification number of each representative payee who is receiving benefit payments pursuant to this section, section 205(j), or section 1631(a)(2); and

"(B) the name, address, and social security account number of each individual for whom each representative payee is reported to be providing services as representative payee pursuant to this section, section 205(j), or section 1631(a)(2).

"(4) MAINTAINING LISTS OF AGENCIES.—The Commissioner of Social Security shall maintain lists, which shall be updated periodically, of public agencies and community-based nonprofit social service agencies which are qualified to serve as representative payees pursuant to this section and which are located in the jurisdiction in which any qualified individual resides.

"(i) RESTITUTION.—In any case where the negligent failure of the Commissioner of Social Security to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Commissioner of Social Security shall make payment to the qualified individual or the individual's alternative representative payee of an amount equal to the misused benefits. The Commissioner of Social Security shall make a good faith effort to obtain restitution from the terminated representative payee.

"SEC. 808. OVERPAYMENTS AND UNDERPAYMENTS.

"(a) IN GENERAL.—Whenever the Commissioner of Social Security finds that more or less than the correct amount of payment has been made to any person under this title,

proper adjustment or recovery shall be made, as follows:

"(1) With respect to payment to a person of more than the correct amount, the Commissioner of Social Security shall decrease any payment—

"(A) under this title to which the overpaid person (if a qualified individual) is entitled, or shall require the overpaid person or his or her estate to refund the amount in excess of the correct amount, or, if recovery is not obtained under these 2 methods, shall seek or pursue recovery by means of reduction in tax refunds based on notice to the Secretary of the Treasury, as authorized under section 3720A of title 31, United States Code; or

"(B) under title II to recover the amount in excess of the correct amount, if the person is not currently eligible for payment under this title.

"(2) With respect to payment of less than the correct amount to a qualified individual who, at the time the Commissioner of Social Security is prepared to take action with respect to the underpayment—

"(A) is living, the Commissioner of Social Security shall make payment to the qualified individual (or the qualified individual's representative payee designated under section 807) of the balance of the amount due the underpaid qualified individual; or

"(B) is deceased, the balance of the amount due shall revert to the general fund of the Treasury.

"(b) NO EFFECT ON TITLE VIII ELIGIBILITY OR BENEFIT AMOUNT.—In any case in which the Commissioner of Social Security takes action in accordance with subsection (a)(1)(B) to recover an amount incorrectly paid to an individual, that individual shall not, as a result of such action—

"(i) become qualified for benefits under this title; or

"(2) if such individual is otherwise so qualified, become qualified for increased benefits under this title.

"(c) WAIVER OF RECOVERY OF OVERPAYMENT.—In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if the Commissioner of Social Security determines that the adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

"(d) LIMITED IMMUNITY FOR DISBURSING OFFICERS.—A disbursing officer may not be held liable for any amount paid by the officer if the adjustment or recovery of the amount is waived under subsection (b), or adjustment under subsection (a) is not completed before the death of the qualified individual against whose benefits deductions are authorized.

"(e) AUTHORIZED COLLECTION PRACTICES.—

"(1) IN GENERAL.—With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(e), 3716, and 3718 of title 31, United States Code, as in effect on October 1, 1994.

"(2) DEFINITION.—For purposes of paragraph (1), the term 'delinquent amount' means an amount—

"(A) in excess of the correct amount of the payment under this title; and

"(B) determined by the Commissioner of Social Security to be otherwise unrecoverable under this section from a person who is not a qualified individual under this title.

"SEC. 809. HEARINGS AND REVIEW.

"(a) HEARINGS.—

"(1) IN GENERAL.—The Commissioner of Social Security shall make findings of fact and decisions as to the rights of any individual applying for payment under this title. The Commissioner of Social Security shall pro-

vide reasonable notice and opportunity for a hearing to any individual who is or claims to be a qualified individual and is in disagreement with any determination under this title with respect to entitlement to, or the amount of, benefits under this title, if the individual requests a hearing on the matter in disagreement within 60 days after notice of the determination is received, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing affirm, modify, or reverse the Commissioner of Social Security's findings of fact and the decision. The Commissioner of Social Security may, on the Commissioner of Social Security's own motion, hold such hearings and conduct such investigations and other proceedings as the Commissioner of Social Security deems necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceeding, the Commissioner may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Commissioner of Social Security even though inadmissible under the rules of evidence applicable to court procedure. The Commissioner of Social Security shall specifically take into account any physical, mental, educational, or linguistic limitation of the individual (including any lack of facility with the English language) in determining, with respect to the entitlement of the individual for benefits under this title, whether the individual acted in good faith or was at fault, and in determining fraud, deception, or intent.

"(2) EFFECT OF FAILURE TO TIMELY REQUEST REVIEW.—A failure to timely request review of an initial adverse determination with respect to an application for any payment under this title or an adverse determination on reconsideration of such an initial determination shall not serve as a basis for denial of a subsequent application for any payment under this title if the applicant demonstrates that the applicant failed to so request such a review acting in good faith reliance upon incorrect, incomplete, or misleading information, relating to the consequences of reapplying for payments in lieu of seeking review of an adverse determination, provided by any officer or employee of the Social Security Administration.

"(3) NOTICE REQUIREMENTS.—In any notice of an adverse determination with respect to which a review may be requested under paragraph (1), the Commissioner of Social Security shall describe in clear and specific language the effect on possible entitlement to benefits under this title of choosing to reapply in lieu of requesting review of the determination.

"(b) JUDICIAL REVIEW.—The final determination of the Commissioner of Social Security after a hearing under subsection (a)(1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Commissioner of Social Security's final determinations under section 205.

"SEC. 810. OTHER ADMINISTRATIVE PROVISIONS.

"(a) REGULATIONS AND ADMINISTRATIVE ARRANGEMENTS.—The Commissioner of Social Security may prescribe such regulations, and make such administrative and other arrangements, as may be necessary or appropriate to carry out this title.

"(b) PAYMENT OF BENEFITS.—Benefits under this title shall be paid at such time or times and in such installments as the Commissioner of Social Security determines are in the interests of economy and efficiency.

"(c) ENTITLEMENT REDETERMINATIONS.—An individual's entitlement to benefits under this title, and the amount of the benefits, may be redetermined at such time or times as the Commissioner of Social Security determines to be appropriate.

"(d) SUSPENSION AND TERMINATION OF BENEFITS.—Regulations prescribed by the Commissioner of Social Security under subsection (a) may provide for the suspension and termination of entitlement to benefits under this title as the Commissioner determines is appropriate.

"SEC. 811. PENALTIES FOR FRAUD.

"(a) IN GENERAL.—Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in an application for benefits under this title;

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining any right to the benefits;

"(3) having knowledge of the occurrence of any event affecting—

"(A) his or her initial or continued right to the benefits; or

"(B) the initial or continued right to the benefits of any other individual in whose behalf he or she has applied for or is receiving the benefit,

conceals or fails to disclose the event with an intent fraudulently to secure the benefit either in a greater amount or quantity than is due or when no such benefit is authorized; or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts the benefit or any part thereof to a use other than for the use and benefit of the other individual, shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

"(b) RESTITUTION BY REPRESENTATIVE PAYEE.—If a person or organization violates subsection (a) in the person's or organization's role as, or in applying to become, a representative payee under section 807 on behalf of a qualified individual, and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to the qualified individual.

"SEC. 812. DEFINITIONS.

"In this title:

"(1) WORLD WAR II VETERAN.—The term 'World War II veteran' means a person who—

"(A) served during World War II—

"(i) in the active military, naval, or air service of the United States during World War II; or

"(ii) in the organized military forces of the Government of the Commonwealth of the Philippines, while the forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among the military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States, in any case in which the service was rendered before December 31, 1946; and

"(B) was discharged or released therefrom under conditions other than dishonorable—

"(i) after service of 90 days or more; or

"(ii) because of a disability or injury incurred or aggravated in the line of active duty.

"(2) WORLD WAR II.—The term 'World War II' means the period beginning on September 16, 1940, and ending on July 24, 1947.

"(3) SUPPLEMENTAL SECURITY INCOME BENEFIT UNDER TITLE XVI.—The term 'supplemental security income benefit under title XVI', except as otherwise provided, includes State supplementary payments which are paid by the Commissioner of Social Security pursuant to an agreement under section

1616(a) of this Act or section 212(b) of Public Law 93-66.

"(4) FEDERAL BENEFIT RATE UNDER TITLE XVI.—The term 'Federal benefit rate under title XVI' means, with respect to any month, the amount of the supplemental security income cash benefit (not including any State supplementary payment which is paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66) payable under title XVI for the month to an eligible individual with no income.

"(5) UNITED STATES.—The term 'United States' means, notwithstanding section 1101(a)(1), only the 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.

"(6) BENEFIT INCOME.—The term 'benefit income' means any recurring payment received by a qualified individual as an annuity, pension, retirement, or disability benefit (including any veterans' compensation or pension, workmen's compensation payment, old-age, survivors, or disability insurance benefit, railroad retirement annuity or pension, and unemployment insurance benefit), but only if a similar payment was received by the individual from the same (or a related) source during the 12-month period preceding the month in which the individual files an application for benefits under this title.

#### "SEC. 813. APPROPRIATIONS.

"There are hereby appropriated for fiscal year 2000 and subsequent fiscal years, out of any funds in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this title."

#### (b) CONFORMING AMENDMENTS.—

(1) SOCIAL SECURITY TRUST FUNDS LAE ACCOUNT.—Section 201(g) of such Act (42 U.S.C. 401(g)) is amended—

(A) in the fourth sentence of paragraph (1)(A), by inserting after "this title," the following: "title VIII,";

(B) in paragraph (1)(B)(i)(I), by inserting after "this title," the following: "title VIII,"; and

(C) in paragraph (1)(C)(i), by inserting after "this title," the following: "title VIII,".

(2) REPRESENTATIVE PAYEE PROVISIONS OF TITLE II.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (1)(A), by inserting "807 or" before "1631(a)(2)";

(B) in paragraph (2)(B)(i)(I), by inserting "title VIII," before "or title XVI";

(C) in paragraph (2)(B)(i)(III), by inserting "811," before "or 1632";

(D) in paragraph (2)(B)(i)(IV)—

(i) by inserting "the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "or payment of benefits"; and

(ii) by inserting "title VIII," before "or title XVI";

(E) in paragraph (2)(B)(ii)(I)—

(i) by inserting "whose designation as a representative payee has been revoked pursuant to section 807(a)," before "or with respect to whom"; and

(ii) by inserting "title VIII," before "or title XVI";

(F) in paragraph (2)(B)(ii)(II), by inserting "811," before "or 1632";

(G) in paragraph (2)(C)(i)(II), by inserting "the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "or payment of benefits";

(H) in each of clauses (i) and (ii) of paragraph (3)(E), by inserting "section 807," before "or section 1631(a)(2)";

(I) in paragraph (3)(F), by inserting "807 or" before "1631(a)(2)"; and

(J) in paragraph (4)(B)(i), by inserting "807 or" before "1631(a)(2)".

(3) WITHHOLDING FOR CHILD SUPPORT AND ALIMONY OBLIGATIONS.—Section 459(h)(1)(A) of such Act (42 U.S.C. 659(h)(1)(A)) is amended—

(A) at the end of clause (iii), by striking "and";

(B) at the end of clause (iv), by striking "but" and inserting "and"; and

(C) by adding at the end a new clause as follows:

"(v) special benefits for certain World War II veterans payable under title VIII; but".

(4) SOCIAL SECURITY ADVISORY BOARD.—Section 703(b) of such Act (42 U.S.C. 903(b)) is amended by striking "title II" and inserting "title II, the program of special benefits for certain World War II veterans under title VIII,".

(5) DELIVERY OF CHECKS.—Section 708 of such Act (42 U.S.C. 908) is amended—

(A) in subsection (a), by striking "title II" and inserting "title II, title VIII,"; and

(B) in subsection (b), by striking "title II" and inserting "title II, title VIII,".

(6) CIVIL MONETARY PENALTIES.—Section 1129 of such Act (42 U.S.C. 1320a-8) is amended—

(A) in the title, by striking "II" and inserting "II, VIII";

(B) in subsection (a)(1)—

(i) by striking "or" at the end of subparagraph (A);

(ii) by redesignating subparagraph (B) as subparagraph (C); and

(iii) by inserting after subparagraph (A) the following new subparagraph:

"(B) benefits or payments under title VIII, or";

(C) in subsection (a)(2), by inserting "or title VIII," after "title II";

(D) in subsection (e)(1)(C)—

(i) by striking "or" at the end of clause (i);

(ii) by redesignating clause (ii) as clause (iii); and

(iii) by inserting after clause (i) the following new clause:

"(ii) by decrease of any payment under title VIII to which the person is entitled, or";

(E) in subsection (e)(2)(B), by striking "title XVI" and inserting "title VIII or XVI"; and

(F) in subsection (l), by striking "title XVI" and inserting "title VIII or XVI".

(7) RECOVERY OF SSI OVERPAYMENTS.—Section 1147 of such Act (42 U.S.C. 1320b-17) is amended—

(A) in subsection (a)(1)—

(i) by inserting "or VIII" after "title II" the first place it appears; and

(ii) by striking "title II" the second place it appears and inserting "such title"; and

(B) in the heading, by striking "SOCIAL SECURITY" and inserting "OTHER".

(8) RECOVERY OF SOCIAL SECURITY OVERPAYMENTS.—Part A of title XI of the Social Security Act is amended by inserting after section 1147 (42 U.S.C. 1320b-17) the following new section:

#### "RECOVERY OF SOCIAL SECURITY BENEFIT OVERPAYMENTS FROM TITLE VIII BENEFITS

"SEC. 1147A. Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made under title II to an individual who is not currently receiving benefits under that title but who is receiving benefits under title VIII, the Commissioner may recover the amount incorrectly paid under title II by decreasing any amount which is payable to the individual under title VIII."

(9) REPRESENTATIVE PAYEE PROVISIONS OF TITLE XVI.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (A)(iii), by inserting "or 807" after "205(j)(1)";

(B) in subparagraph (B)(ii)(I), by inserting "title VIII," before "or this title";

(C) in subparagraph (B)(ii)(III), by inserting "811," before "or 1632";

(D) in subparagraph (B)(ii)(IV)—

(i) by inserting "whether the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "and whether certification"; and

(ii) by inserting "title VIII," before "or this title";

(E) in subparagraph (B)(iii)(II), by inserting "the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "or certification"; and

(F) in subparagraph (D)(ii)(II)(aa), by inserting "or 807" after "205(j)(4)".

(10) ADMINISTRATIVE OFFSET.—Section 3716(c)(3)(C) of title 31, United States Code, is amended—

(A) by striking "sections 205(b)(1)" and inserting "sections 205(b)(1), 809(a)(1)"; and

(B) by striking "either title II" and inserting "title II, VIII,".

#### Subtitle C—Study

#### SEC. 261. STUDY OF DENIAL OF SSI BENEFITS FOR FAMILY FARMERS.

(a) IN GENERAL.—The Commissioner of Social Security shall conduct a study of the reasons why family farmers with resources of less than \$100,000 are denied supplemental security income benefits under title XVI of the Social Security Act, including whether the deeming process unduly burdens and discriminates against family farmers who do not institutionalize a disabled dependent, and shall determine the number of such farmers who have been denied such benefits during each of the preceding 10 years.

(b) REPORT TO THE CONGRESS.—Within 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that contains the results of the study, and the determination, required by subsection (a).

#### TITLE III—CHILD SUPPORT

#### SEC. 301. NARROWING OF HOLD-HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT.

(a) IN GENERAL.—Section 457(d) of the Social Security Act (42 U.S.C. 657(d)) is amended to read as follows:

"(d) HOLD HARMLESS PROVISION.—If—

"(1) the State share of amounts collected in the fiscal year which could be retained to reimburse the State for amounts paid to families as assistance by the State is less than the State share of such amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on August 21, 1996); and

"(2)(A) the State has distributed to families that include an adult receiving assistance under the program under part A at least 80 percent of the current support payments collected during the preceding fiscal year on behalf of such families, and the amounts distributed were disregarded in determining the amount or type of assistance provided under the program under part A; or

"(B) the State has distributed to families that formerly received assistance under the program under part A the State share of the amounts collected pursuant to section 464 that could have been retained as reimbursement for assistance paid to such families, then the State share otherwise determined for the fiscal year shall be increased by an amount equal to 1/2 of the amount (if any) by which the State share for fiscal year 1995 exceeds the State share for the fiscal year (determined without regard to this subsection)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective

with respect to calendar quarters occurring during the period that begins on October 1, 1998, and ends on September 30, 2001.

(c) REPEAL.—Effective October 1, 2001, section 457 of the Social Security Act (42 U.S.C. 657) is amended—

(1) in subsection (a), by striking “subsections (e) and (f)” and inserting “subsections (d) and (e)”;

(2) by striking subsection (d);

(3) in subsection (e), by striking the second sentence; and

(4) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

#### TITLE IV—TECHNICAL CORRECTIONS

##### SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMENDMENTS MADE BY THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) Section 402(a)(1)(B)(iv) of the Social Security Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking “Act” and inserting “section”.

(b) Section 409(a)(7)(B)(i)(II) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by striking “part” and inserting “section”.

(c) Section 413(g)(1) of the Social Security Act (42 U.S.C. 613(g)(1)) is amended by striking “Act” and inserting “section”.

(d) Section 416 of the Social Security Act (42 U.S.C. 616) is amended by striking “Opportunity Act” and inserting “Opportunity Reconciliation Act” each place such term appears.

(e) Section 431(a)(6) of the Social Security Act (42 U.S.C. 629a(a)(6)) is amended—

(1) by inserting “, as in effect before August 22, 1986” after “482(i)(5)”;

(2) by inserting “, as so in effect” after “482(i)(7)(A)”.

(f) Sections 452(a)(7) and 466(c)(2)(A)(i) of the Social Security Act (42 U.S.C. 652(a)(7) and 666(c)(2)(A)(i)) are each amended by striking “Social Security” and inserting “social security”.

(g) Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(1) by striking “, or” at the end of each of paragraphs (6)(E)(i) and (19)(B)(i) and inserting “; or”;

(2) in paragraph (9), by striking the comma at the end of each of subparagraphs (A), (B), and (C) and inserting a semicolon; and

(3) by striking “, and” at the end of each of paragraphs (19)(A) and (24)(A) and inserting “; and”.

(h) Section 454(24)(B) of the Social Security Act (42 U.S.C. 654(24)(B)) is amended by striking “Opportunity Act” and inserting “Opportunity Reconciliation Act”.

(i) Section 344(b)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2236) is amended to read as follows:

“(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

“(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and”

(j) Section 457(a)(2)(B)(i)(I) of the Social Security Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking “Act Reconciliation” and inserting “Reconciliation Act”.

(k) Section 457 of the Social Security Act (42 U.S.C. 657) is amended by striking “Opportunity Act” each place it appears and inserting “Opportunity Reconciliation Act”.

(l) Effective on the date of the enactment of this Act, section 404(e) of the Social Security Act (42 U.S.C. 604(e)) is amended by in-

serting “or tribe” after “State” the first and second places it appears, and by inserting “or tribal” after “State” the third place it appears.

(m) Section 466(a)(7)(A) of the Social Security Act (42 U.S.C. 666(a)(7)(A)) is amended by striking “1681a(f)” and inserting “1681a(f))”.

(n) Section 466(b)(6)(A) of the Social Security Act (42 U.S.C. 666(b)(6)(A)) is amended by striking “state” and inserting “State”.

(o) Section 471(a)(8) of the Social Security Act (42 U.S.C. 671(a)(8)) is amended by striking “(including activities under part F)”.

(p) Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b-7(a)(3)) is amended by striking “453A(a)(2)(B)(iii)” and inserting “453A(a)(2)(B)(ii))”.

(q) Except as provided in subsection (l), the amendments made by this section shall take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2105).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.



106TH CONGRESS  
1ST SESSION

# H. R. 3443

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## AN ACT

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.Ð This Act may be cited as the  
 5 "Foster Care Independence Act of 1999".

6 (b) TABLE OF CONTENTS.Ð The table of contents of  
 7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE IÐ IMPROVED INDEPENDENT LIVING PROGRAM

Subtitle AÐ Improved Independent Living Program

Sec. 101. Improved independent living program.

Subtitle BÐ Related Foster Care Provision

Sec. 111. Increase in amount of assets allowable for children in foster care.

Sec. 112. Preparation of foster parents to provide for the needs of children in State care.

Subtitle CÐ Medicaid Amendments

Sec. 121. State option of Medicaid coverage for adolescents leaving foster care.

Subtitle DÐ Adoption Incentive Payments

Sec. 131. Increased funding for adoption incentive payments.

TITLE IIÐ SSI FRAUD PREVENTION

Subtitle AÐ Fraud Prevention and Related Provisions

Sec. 201. Liability of representative payees for overpayments to deceased recipients.

Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.

Sec. 203. Additional debt collection practices.

Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.

Sec. 205. Treatment of assets held in trust under the SSI program.

Sec. 206. Disposal of resources for less than fair market value under the SSI program.

Sec. 207. Administrative procedure for imposing penalties for false or misleading statements.

Sec. 208. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.

Sec. 209. State data exchanges.

Sec. 210. Study on possible measures to improve fraud prevention and administrative processing.

- Sec. 211. Annual report on amounts necessary to combat fraud.  
 Sec. 212. Computer matches with Medicare and Medicaid institutionalization data.  
 Sec. 213. Access to information held by financial institutions.

Subtitle BÐ Benefits For Certain World War II Veterans

- Sec. 251. Establishment of program of special benefits for certain World War II veterans.

Subtitle CÐ Study

- Sec. 261. Study of denial of SSI benefits for family farmers.

TITLE IIIÐ CHILD SUPPORT

- Sec. 301. Narrowing of hold harmless provision for State share of distribution of collected child support.

TITLE IVÐ TECHNICAL CORRECTIONS

- Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

1 **TITLE I—IMPROVED INDE-**  
 2 **PENDENT LIVING PROGRAM**  
 3 **Subtitle A—Improved Independent**  
 4 **Living Program**

5 **SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.**

6 (a) FINDINGS.Ð The Congress finds the following:

- 7 (1) States are required to make reasonable ef-  
 8 forts to find adoptive families for all children, in-  
 9 cluding older children, for whom reunification with  
 10 their biological family is not in the best interests of  
 11 the child. However, some older children will continue  
 12 to live in foster care. These children should be en-  
 13 rolled in an Independent Living program designed  
 14 and conducted by State and local government to help  
 15 prepare them for employment, postsecondary edu-

1 cation, and successful management of adult respon-  
2 sibilities.

3 (2) Older children who continue to be in foster  
4 care as adolescents may become eligible for Inde-  
5 pendent Living programs. These Independent Living  
6 programs are not an alternative to adoption for  
7 these children. Enrollment in Independent Living  
8 programs can occur concurrent with continued ef-  
9 forts to locate and achieve placement in adoptive  
10 families for older children in foster care.

11 (3) About 20,000 adolescents leave the Nation's  
12 foster care system each year because they have  
13 reached 18 years of age and are expected to support  
14 themselves.

15 (4) Congress has received extensive information  
16 that adolescents leaving foster care have significant  
17 difficulty making a successful transition to adult-  
18 hood; this information shows that children aging out  
19 of foster care show high rates of homelessness, non-  
20 marital childbearing, poverty, and delinquent or  
21 criminal behavior; they are also frequently the target  
22 of crime and physical assaults.

23 (5) The Nation's State and local governments,  
24 with financial support from the Federal Government,  
25 should offer an extensive program of education,

1 training, employment, and financial support for  
2 young adults leaving foster care, with participation  
3 in such program beginning several years before high  
4 school graduation and continuing, as needed, until  
5 the young adults emancipated from foster care es-  
6 tablish independence or reach 21 years of age.

7 (b) IMPROVED INDEPENDENT LIVING PROGRAM.Ð  
8 Section 477 of the Social Security Act (42 U.S.C. 677)  
9 is amended to read as follows:

10 **“SEC. 477. JOHN H. CHAFEE FOSTER CARE INDEPENDENCE**  
11 **PROGRAM.**

12 “(a) PURPOSE.Ð The purpose of this section is to  
13 provide States with flexible funding that will enable pro-  
14 grams to be designed and conductedÐ

15 “(1) to identify children who are likely to re-  
16 main in foster care until 18 years of age and to help  
17 these children make the transition to self-sufficiency  
18 by providing services such as assistance in obtaining  
19 a high school diploma, career exploration, vocational  
20 training, job placement and retention, training in  
21 daily living skills, training in budgeting and financial  
22 management skills, substance abuse prevention, and  
23 preventive health activities (including smoking avoid-  
24 ance, nutrition education, and pregnancy preven-  
25 tion);

1           “(2) to help children who are likely to remain  
2 in foster care until 18 years of age receive the edu-  
3 cation, training, and services necessary to obtain em-  
4 ployment;

5           “(3) to help children who are likely to remain  
6 in foster care until 18 years of age prepare for and  
7 enter postsecondary training and education institu-  
8 tions;

9           “(4) to provide personal and emotional support  
10 to children aging out of foster care, through mentors  
11 and the promotion of interactions with dedicated  
12 adults; and

13           “(5) to provide financial, housing, counseling,  
14 employment, education, and other appropriate sup-  
15 port and services to former foster care recipients be-  
16 tween 18 and 21 years of age to complement their  
17 own efforts to achieve self-sufficiency and to assure  
18 that program participants recognize and accept their  
19 personal responsibility for preparing for and then  
20 making the transition from adolescence to adult-  
21 hood.

22           “(b) APPLICATIONS.Ð

23           “(1) IN GENERAL.Ð A State may apply for  
24 funds from its allotment under subsection (c) for a  
25 period of five consecutive fiscal years by submitting

1 to the Secretary, in writing, a plan that meets the  
2 requirements of paragraph (2) and the certifications  
3 required by paragraph (3) with respect to the plan.

4       “(2) STATE PLAN.Ð A plan meets the require-  
5 ments of this paragraph if the plan specifies which  
6 State agency or agencies will administer, supervise,  
7 or oversee the programs carried out under the plan,  
8 and describes how the State intends to do the fol-  
9 lowing:

10           “(A) Design and deliver programs to  
11 achieve the purposes of this section.

12           “(B) Ensure that all political subdivisions  
13 in the State are served by the program, though  
14 not necessarily in a uniform manner.

15           “(C) Ensure that the programs serve chil-  
16 dren of various ages and at various stages of  
17 achieving independence.

18           “(D) Involve the public and private sectors  
19 in helping adolescents in foster care achieve  
20 independence.

21           “(E) Use objective criteria for determining  
22 eligibility for benefits and services under the  
23 programs, and for ensuring fair and equitable  
24 treatment of benefit recipients.

1           “(F) Cooperate in national evaluations of  
2           the effects of the programs in achieving the  
3           purposes of this section.

4           “(3) CERTIFICATIONS.Ð The certifications re-  
5           quired by this paragraph with respect to a plan are  
6           the following:

7           “(A) A certification by the chief executive  
8           officer of the State that the State will provide  
9           assistance and services to children who have left  
10          foster care because they have attained 18 years  
11          of age, and who have not attained 21 years of  
12          age.

13          “(B) A certification by the chief executive  
14          officer of the State that not more than 30 per-  
15          cent of the amounts paid to the State from its  
16          allotment under subsection (c) for a fiscal year  
17          will be expended for room or board for children  
18          who have left foster care because they have at-  
19          tained 18 years of age, and who have not at-  
20          tained 21 years of age.

21          “(C) A certification by the chief executive  
22          officer of the State that none of the amounts  
23          paid to the State from its allotment under sub-  
24          section (c) will be expended for room or board

1 for any child who has not attained 18 years of  
2 age.

3       ``(D) A certification by the chief executive  
4 officer of the State that the State will use train-  
5 ing funds provided under the program of Fed-  
6 eral payments for foster care and adoption as-  
7 sistance to provide training to help foster par-  
8 ents, adoptive parents, workers in group homes,  
9 and case managers understand and address the  
10 issues confronting adolescents preparing for  
11 independent living, and will, to the extent pos-  
12 sible, coordinate such training with the inde-  
13 pendent living program conducted for adoles-  
14 cents.

15       ``(E) A certification by the chief executive  
16 officer of the State that the State has consulted  
17 widely with public and private organizations in  
18 developing the plan and that the State has  
19 given all interested members of the public at  
20 least 30 days to submit comments on the plan.

21       ``(F) A certification by the chief executive  
22 officer of the State that the State will make  
23 every effort to coordinate the State programs  
24 receiving funds provided from an allotment  
25 made to the State under subsection (c) with

1 other Federal and State programs for youth  
2 (especially transitional living youth projects  
3 funded under part B of title III of the Juvenile  
4 Justice and Delinquency Prevention Act of  
5 1974), abstinence education programs, local  
6 housing programs, programs for disabled youth  
7 (especially sheltered workshops), and school-to-  
8 work programs offered by high schools or local  
9 workforce agencies.

10       “(G) A certification by the chief executive  
11 officer of the State that each Indian tribe in the  
12 State has been consulted about the programs to  
13 be carried out under the plan; that there have  
14 been efforts to coordinate the programs with  
15 such tribes; and that benefits and services  
16 under the programs will be made available to  
17 Indian children in the State on the same basis  
18 as to other children in the State.

19       “(H) A certification by the chief executive  
20 officer of the State that the State will ensure  
21 that adolescents participating in the program  
22 under this section participate directly in design-  
23 ing their own program activities that prepare  
24 them for independent living and that the ado-

1           lescents accept personal responsibility for living  
2           up to their part of the program.

3           “(I) A certification by the chief executive  
4           officer of the State that the State has estab-  
5           lished and will enforce standards and proce-  
6           dures to prevent fraud and abuse in the pro-  
7           grams carried out under the plan.

8           “(4) APPROVAL.Ð The Secretary shall approve  
9           an application submitted by a State pursuant to  
10          paragraph (1) for a period ifÐ

11          “(A) the application is submitted on or be-  
12          fore June 30 of the calendar year in which such  
13          period begins; and

14          “(B) the Secretary finds that the applica-  
15          tion contains the material required by para-  
16          graph (1).

17          “(5) AUTHORITY TO IMPLEMENT CERTAIN  
18          AMENDMENTS; NOTIFICATION.Ð A State with an ap-  
19          plication approved under paragraph (4) may imple-  
20          ment any amendment to the plan contained in the  
21          application if the application, incorporating the  
22          amendment, would be approvable under paragraph  
23          (4). Within 30 days after a State implements any  
24          such amendment, the State shall notify the Sec-  
25          retary of the amendment.

1           “(6) AVAILABILITY.Ð The State shall make  
2 available to the public any application submitted by  
3 the State pursuant to paragraph (1), and a brief  
4 summary of the plan contained in the application.

5           “(c) ALLOTMENTS TO STATES.Ð

6           “(1) IN GENERAL.Ð From the amount specified  
7 in subsection (h) that remains after applying sub-  
8 section (g)(2) for a fiscal year, the Secretary shall  
9 allot to each State with an application approved  
10 under subsection (b) for the fiscal year the amount  
11 which bears the same ratio to such remaining  
12 amount as the number of children in foster care  
13 under a program of the State in the most recent fis-  
14 cal year for which such information is available  
15 bears to the total number of children in foster care  
16 in all States for such most recent fiscal year, as ad-  
17 justed in accordance with paragraph (2).

18           “(2) HOLD HARMLESS PROVISION.Ð

19           “(A) IN GENERAL.Ð The Secretary shall  
20 allot to each State whose allotment for a fiscal  
21 year under paragraph (1) is less than the great-  
22 er of \$500,000 or the amount payable to the  
23 State under this section for fiscal year 1998, an  
24 additional amount equal to the difference be-  
25 tween such allotment and such greater amount.

1           “(B) RATABLE REDUCTION OF CERTAIN  
2           ALLOTMENTS.Ð In the case of a State not de-  
3           scribed in subparagraph (A) of this paragraph  
4           for a fiscal year, the Secretary shall reduce the  
5           amount allotted to the State for the fiscal year  
6           under paragraph (1) by the amount that bears  
7           the same ratio to the sum of the differences de-  
8           termined under subparagraph (A) of this para-  
9           graph for the fiscal year as the excess of the  
10          amount so allotted over the greater of \$500,000  
11          or the amount payable to the State under this  
12          section for fiscal year 1998 bears to the sum of  
13          such excess amounts determined for all such  
14          States.

15          “(d) USE OF FUNDS.Ð

16               “(1) IN GENERAL.Ð A State to which an  
17               amount is paid from its allotment under subsection  
18               (c) may use the amount in any manner that is rea-  
19               sonably calculated to accomplish the purposes of this  
20               section.

21               “(2) NO SUPPLANTATION OF OTHER FUNDS  
22               AVAILABLE FOR SAME GENERAL PURPOSES.Ð The  
23               amounts paid to a State from its allotment under  
24               subsection (c) shall be used to supplement and not

1       supplant any other funds which are available for the  
2       same general purposes in the State.

3           “(3) TWO-YEAR AVAILABILITY OF FUNDS.Ð

4       Payments made to a State under this section for a  
5       fiscal year shall be expended by the State in the fis-  
6       cal year or in the succeeding fiscal year.

7           “(e) PENALTIES.Ð

8           “(1) USE OF GRANT IN VIOLATION OF THIS  
9       PART.Ð If the Secretary is made aware, by an audit  
10      conducted under chapter 75 of title 31, United  
11      States Code, or by any other means, that a program  
12      receiving funds from an allotment made to a State  
13      under subsection (c) has been operated in a manner  
14      that is inconsistent with, or not disclosed in the  
15      State application approved under subsection (b), the  
16      Secretary shall assess a penalty against the State in  
17      an amount equal to not less than 1 percent and not  
18      more than 5 percent of the amount of the allotment.

19          “(2) FAILURE TO COMPLY WITH DATA REPORT-  
20      ING REQUIREMENT.Ð The Secretary shall assess a  
21      penalty against a State that fails during a fiscal  
22      year to comply with an information collection plan  
23      implemented under subsection (f) in an amount  
24      equal to not less than 1 percent and not more than

1 5 percent of the amount allotted to the State for the  
2 fiscal year.

3 ``(3) PENALTIES BASED ON DEGREE OF NON-  
4 COMPLIANCE.Ð The Secretary shall assess penalties  
5 under this subsection based on the degree of non-  
6 compliance.

7 ``(f) DATA COLLECTION AND PERFORMANCE MEAS-  
8 UREMENT.Ð

9 ``(1) IN GENERAL.Ð The Secretary, in consulta-  
10 tion with State and local public officials responsible  
11 for administering independent living and other child  
12 welfare programs, child welfare advocates, members  
13 of Congress, youth service providers, and research-  
14 ers, shallÐ

15 ``(A) develop outcome measures (including  
16 measures of educational attainment, high school  
17 diploma, employment, avoidance of dependency,  
18 homelessness, nonmarital childbirth, incarcer-  
19 ation, and high-risk behaviors) that can be used  
20 to assess the performance of States in operating  
21 independent living programs;

22 ``(B) identify data elements needed to  
23 trackÐ

1           “(i) the number and characteristics of  
2           children receiving services under this sec-  
3           tion;

4           “(ii) the type and quantity of services  
5           being provided; and

6           “(iii) State performance on the out-  
7           come measures; and

8           “(C) develop and implement a plan to col-  
9           lect the needed information beginning with the  
10           second fiscal year beginning after the date of  
11           the enactment of this section.

12           “(2) REPORT TO THE CONGRESS.Ð Within 12  
13           months after the date of the enactment of this sec-  
14           tion, the Secretary shall submit to the Committee on  
15           Ways and Means of the House of Representatives  
16           and the Committee on Finance of the Senate a re-  
17           port detailing the plans and timetable for collecting  
18           from the States the information described in para-  
19           graph (1) and a proposal to impose penalties con-  
20           sistent with paragraph (e)(2) on States that do not  
21           report data.

22           “(g) EVALUATIONS:Ð

23           “(1) IN GENERAL.Ð The Secretary shall con-  
24           duct evaluations of such State programs funded  
25           under this section as the Secretary deems to be in-

1 novative or of potential national significance. The  
2 evaluation of any such program shall include infor-  
3 mation on the effects of the program on education,  
4 employment, and personal development. To the max-  
5 imum extent practicable, the evaluations shall be  
6 based on rigorous scientific standards including ran-  
7 dom assignment to treatment and control groups.  
8 The Secretary is encouraged to work directly with  
9 State and local governments to design methods for  
10 conducting the evaluations, directly or by grant, con-  
11 tract, or cooperative agreement.

12 ``(2) FUNDING OF EVALUATIONS.Ð The Sec-  
13 retary shall reserve 1.5 percent of the amount speci-  
14 fied in subsection (h) for a fiscal year to carry out,  
15 during the fiscal year, evaluation, technical assist-  
16 ance, performance measurement, and data collection  
17 activities related to this section, directly or through  
18 grants, contracts, or cooperative agreements with  
19 appropriate entities.

20 ``(h) LIMITATIONS ON AUTHORIZATION OF APPRO-  
21 PRIATIONS.Ð To carry out this section and for payments  
22 to States under section 474(a)(4), there are authorized to  
23 be appropriated to the Secretary \$140,000,000 for each  
24 fiscal year.''. .

1 (c) PAYMENTS TO STATES.Ð Section 474(a)(4) of  
2 such Act (42 U.S.C. 674(a)(4)) is amended to read as fol-  
3 lows:

4 (4) the lesser ofÐ

5 (A) 80 percent of the amount (if any) by  
6 whichÐ

7 (i) the total amount expended by the  
8 State during the fiscal year in which the  
9 quarter occurs to carry out programs in  
10 accordance with the State application ap-  
11 proved under section 477(b) for the period  
12 in which the quarter occurs (including any  
13 amendment that meets the requirements of  
14 section 477(b)(5)); exceeds

15 (ii) the total amount of any penalties  
16 assessed against the State under section  
17 477(e) during the fiscal year in which the  
18 quarter occurs; or

19 (B) the amount allotted to the State  
20 under section 477 for the fiscal year in which  
21 the quarter occurs, reduced by the total of the  
22 amounts payable to the State under this para-  
23 graph for all prior quarters in the fiscal year.".

24 (d) REGULATIONS.Ð Not later than 12 months after  
25 the date of the enactment of this Act, the Secretary of

1 Health and Human Services shall issue such regulations  
2 as may be necessary to carry out the amendments made  
3 by this section.

4 (e) SENSE OF THE CONGRESS. It is the sense of the  
5 Congress that States should provide medical assistance  
6 under the State plan approved under title XIX of the So-  
7 cial Security Act to 18-, 19-, and 20-year-olds who have  
8 been emancipated from foster care.

## 9 **Subtitle B—Related Foster Care** 10 **Provision**

### 11 **SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE** 12 **FOR CHILDREN IN FOSTER CARE.**

13 Section 472(a) of the Social Security Act (42 U.S.C.  
14 672(a)) is amended by adding at the end the following:  
15 "In determining whether a child would have received aid  
16 under a State plan approved under section 402 (as in ef-  
17 fect on July 16, 1996), a child whose resources (deter-  
18 mined pursuant to section 402(a)(7)(B), as so in effect)  
19 have a combined value of not more than \$10,000 shall  
20 be considered to be a child whose resources have a com-  
21 bined value of not more than \$1,000 (or such lower  
22 amount as the State may determine for purposes of such  
23 section 402(a)(7)(B))."

1 **SEC. 112. PREPARATION OF FOSTER PARENTS TO PROVIDE**  
 2 **FOR THE NEEDS OF CHILDREN IN STATE**  
 3 **CARE.**

4 (a) STATE PLAN REQUIREMENT.Ð Section 471(a) of  
 5 the Social Security Act (42 U.S.C. 671(a)) is amendedÐ

6 (1) by striking "and" at the end of paragraph  
 7 (22);

8 (2) by striking the period at the end of para-  
 9 graph (23) and inserting "; and"; and

10 (3) by adding at the end the following:

11 "(24) include a certification that, before a child  
 12 in foster care under the responsibility of the State  
 13 is placed with prospective foster parents, the pro-  
 14 spective foster parents will be prepared adequately  
 15 with the appropriate knowledge and skills to provide  
 16 for the needs of the child, and that such preparation  
 17 will be continued, as necessary, after the placement  
 18 of the child."

19 (b) EFFECTIVE DATE.Ð The amendments made by  
 20 subsection (a) shall take effect on October 1, 1999.

21 **Subtitle C—Medicaid Amendments**

22 **SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR**  
 23 **ADOLESCENTS LEAVING FOSTER CARE.**

24 (a) IN GENERAL.Ð Subject to subsection (c), title  
 25 XIX of the Social Security Act is amendedÐ

1 (1) in section 1902(a)(10)(A)(ii) (42 U.S.C.  
2 1396a(a)(10)(A)(ii))~~Ð~~

3 (A) by striking ``or'' at the end of sub-  
4 clause (XIII);

5 (B) by adding ``or'' at the end of subclause  
6 (XIV); and

7 (C) by adding at the end the following new sub-  
8 clause:

9 ``(XV) who are independent fos-  
10 ter care adolescents (as defined in  
11 (section 1905(v)(1)), or who are with-  
12 in any reasonable categories of such  
13 adolescents specified by the State;''  
14 and

15 (2) by adding at the end of section 1905 (42  
16 U.S.C. 1396d) the following new subsection:

17 ``(v)(1) For purposes of this title, the term `inde-  
18 pendent foster care adolescent' means an individual~~Ð~~

19 ``(A) who is under 21 years of age;

20 ``(B) who, on the individual's 18th birthday,  
21 was in foster care under the responsibility of a  
22 State; and

23 ``(C) whose assets, resources, and income do  
24 not exceed such levels (if any) as the State may es-  
25 tablish consistent with paragraph (2).

1       “(2) The levels established by a State under para-  
2 graph (1)(C) may not be less than the corresponding levels  
3 applied by the State under section 1931(b).

4       “(3) A State may limit the eligibility of independent  
5 foster care adolescents under section  
6 1902(a)(10)(A)(ii)(XV) to those individuals with respect  
7 to whom foster care maintenance payments or inde-  
8 pendent living services were furnished under a program  
9 funded under part E of title IV before the date the individ-  
10 uals attained 18 years of age.”.

11       (b) EFFECTIVE DATE.Ð The amendments made by  
12 subsection (a) apply to medical assistance for items and  
13 services furnished on or after October 1, 1999.

14       (c) CONTINGENCY IN ENACTMENT.Ð If the Ticket to  
15 Work and Work Incentives Improvement Act of 1999 is  
16 enacted (whether before, on, or after the date of the enact-  
17 ment of this Act)Ð

18           (1) the amendments made by that Act shall be  
19 executed as if this Act had been enacted after the  
20 enactment of such other Act;

21           (2) with respect to subsection (a)(1)(A) of this  
22 section, any reference to subclause (XIII) is deemed  
23 a reference to subclause (XV);

1 (3) with respect to subsection (a)(1)(B) of this  
 2 section, any reference to subclause (XIV) is deemed  
 3 a reference to subclause (XVI);

4 (4) the subclause (XV) added by subsection  
 5 (a)(1)(C) of this section

6 (A) is redesignated as subclause (XVII);

7 and

8 (B) is amended by striking "section  
 9 1905(v)(1)" and inserting "section  
 10 1905(w)(1)"; and

11 (5) the subsection (v) added by subsection  
 12 (a)(2) of this section

13 (A) is redesignated as subsection (w); and

14 (B) is amended by striking  
 15 "1902(a)(10)(A)(ii)(XV)" and inserting  
 16 "1902(a)(10)(A)(ii)(XVII)".

## 17 **Subtitle D—Adoption Incentive** 18 **Payments**

### 19 **SEC. 131. INCREASED FUNDING FOR ADOPTION INCENTIVE** 20 **PAYMENTS.**

21 (a) SUPPLEMENTAL GRANTS. Section 473A of the  
 22 Social Security Act (42 U.S.C. 673b) is amended by add-  
 23 ing at the end the following:

24 "(j) SUPPLEMENTAL GRANTS.

1           “(1) IN GENERAL.Ð Subject to the availability  
2 of such amounts as may be provided in advance in  
3 appropriations Acts, in addition to any amount oth-  
4 erwise payable under this section to any State that  
5 is an incentive-eligible State for fiscal year 1998, the  
6 Secretary shall make a grant to the State in an  
7 amount equal to the lesser ofÐ

8           “(A) the amount by whichÐ

9           “(i) the amount that would have been  
10 payable to the State under this section  
11 during fiscal year 1999 (on the basis of  
12 adoptions in fiscal year 1998) in the ab-  
13 sence of subsection (d)(2) if sufficient  
14 funds had been available for the payment;  
15 exceeds

16           “(ii) the amount that, before the en-  
17 actment of this subsection, was payable to  
18 the State under this section during fiscal  
19 year 1999 (on such basis); or

20           “(B) the amount that bears the same ratio  
21 to the dollar amount specified in paragraph (2)  
22 as the amount described by subparagraph (A)  
23 for the State bears to the aggregate of the  
24 amounts described by subparagraph (A) for all

1 States that are incentive-eligible States for fis-  
2 cal year 1998.

3 ``(2) FUNDING.—\$23,000,000 of the amounts  
4 appropriated under subsection (h)(1) for fiscal year  
5 2000 may be used for grants under paragraph (1)  
6 of this subsection.".

7 (b) LIMITATION ON AUTHORIZATION OF APPROPRIA-  
8 TIONS.—Section 473A(h)(1) of the Social Security Act  
9 (42 U.S.C. 673b(h)(1)) is amended to read as follows:

10 ``(1) IN GENERAL.—For grants under sub-  
11 section (a), there are authorized to be appropriated  
12 to the Secretary—

13 ``(A) \$20,000,000 for fiscal year 1999;

14 ``(B) \$43,000,000 for fiscal year 2000; and

15 ``(C) \$20,000,000 for each of fiscal years  
16 2001 through 2003.".

17 **TITLE II—SSI FRAUD**  
18 **PREVENTION**  
19 **Subtitle A—Fraud Prevention and**  
20 **Related Provisions**

21 **SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR**  
22 **OVERPAYMENTS TO DECEASED RECIPIENTS.**

23 (a) AMENDMENT TO TITLE II.—Section 204(a)(2) of  
24 the Social Security Act (42 U.S.C. 404(a)(2)) is amended  
25 by adding at the end the following new sentence: "If any

1 payment of more than the correct amount is made to a  
2 representative payee on behalf of an individual after the  
3 individual's death, the representative payee shall be liable  
4 for the repayment of the overpayment, and the Commis-  
5 sioner of Social Security shall establish an overpayment  
6 control record under the social security account number  
7 of the representative payee."

8 (b) AMENDMENT TO TITLE XVI.Ð Section  
9 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amend-  
10 ed by adding at the end the following new sentence: "If  
11 any payment of more than the correct amount is made  
12 to a representative payee on behalf of an individual after  
13 the individual's death, the representative payee shall be  
14 liable for the repayment of the overpayment, and the Com-  
15 missioner of Social Security shall establish an overpay-  
16 ment control record under the social security account  
17 number of the representative payee."

18 (c) EFFECTIVE DATE.Ð The amendments made by  
19 this section shall apply to overpayments made 12 months  
20 or more after the date of the enactment of this Act.

21 **SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS**  
22 **FROM LUMP SUM SSI BENEFIT PAYMENTS.**

23 (a) IN GENERAL.Ð Section 1631(b)(1)(B)(ii) of the  
24 Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is  
25 amendedÐ

1 (1) by inserting "monthly" before "benefit pay-  
2 ments"; and

3 (2) by inserting "and in the case of an indi-  
4 vidual or eligible spouse to whom a lump sum is pay-  
5 able under this title (including under section  
6 1616(a) of this Act or under an agreement entered  
7 into under section 212(a) of Public Law 93±66)  
8 shall, as at least one means of recovering such over-  
9 payment, make the adjustment or recovery from the  
10 lump sum payment in an amount equal to not less  
11 than the lesser of the amount of the overpayment or  
12 50 percent of the lump sum payment," before "un-  
13 less fraud".

14 (b) EFFECTIVE DATE.± The amendments made by  
15 this section shall take effect 12 months after the date of  
16 the enactment of this Act and shall apply to amounts in-  
17 correctly paid which remain outstanding on or after such  
18 date.

19 **SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.**

20 (a) IN GENERAL.± Section 1631(b) of the Social Se-  
21 curity Act (42 U.S.C. 1383(b)) is amended±

22 (1) by redesignating paragraphs (4) and (5) as  
23 paragraphs (5) and (6), respectively; and

24 (2) by inserting after paragraph (3) the fol-  
25 lowing:

1       “(A) With respect to any delinquent amount, the  
2 Commissioner of Social Security may use the collection  
3 practices described in sections 3711(f), 3716, 3717, and  
4 3718 of title 31, United States Code, and in section 5514  
5 of title 5, United States Code, all as in effect immediately  
6 after the enactment of the Debt Collection Improvement  
7 Act of 1996.

8       “(B) For purposes of subparagraph (A), the term  
9 ‘delinquent amount’ means an amount

10           “(i) in excess of the correct amount of payment  
11 under this title;

12           “(ii) paid to a person after such person has at-  
13 tained 18 years of age; and

14           “(iii) determined by the Commissioner of Social  
15 Security, under regulations, to be otherwise unre-  
16 coverable under this section after such person ceases  
17 to be a beneficiary under this title.”.

18       (b)       CONFORMING       AMENDMENTS. Section  
19 3701(d)(2) of title 31, United States Code, is amended  
20 by striking “section 204(f)” and inserting “sections 204(f)  
21 and 1631(b)(4)”.

22       (c) TECHNICAL AMENDMENTS. Section 204(f) of  
23 the Social Security Act (42 U.S.C. 404(f)) is amended

24           (1) by striking “3711(e)” and inserting  
25       “3711(f)”; and

1 (2) by inserting ``all'' before ``as in effect''.

2 (d) EFFECTIVE DATE.Ð The amendments made by  
3 this section shall apply to debt outstanding on or after  
4 the date of the enactment of this Act.

5 **SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER IN-**  
6 **FORMATION TO FEDERAL AND FEDERALLY**  
7 **ASSISTED BENEFIT PROGRAMS.**

8 Section 1611(e)(1)(I)(ii)(II) of the Social Security  
9 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by strik-  
10 ing ``is authorized to'' and inserting ``shall''.

11 **SEC. 205. TREATMENT OF ASSETS HELD IN TRUST UNDER**  
12 **THE SSI PROGRAM.**

13 (a) TREATMENT AS RESOURCE.Ð Section 1613 of the  
14 Social Security Act (42 U.S.C. 1382b) is amended by add-  
15 ing at the end the following:

16 **``Trusts**

17 **``(e)(1) In determining the resources of an individual,**  
18 **paragraph (3) shall apply to a trust (other than a trust**  
19 **described in paragraph (5)) established by the individual.**

20 **``(2)(A) For purposes of this subsection, an individual**  
21 **shall be considered to have established a trust if any assets**  
22 **of the individual (or of the individual's spouse) are trans-**  
23 **ferred to the trust other than by will.**

24 **``(B) In the case of an irrevocable trust to which are**  
25 **transferred the assets of an individual (or of the individ-**

1 ual's spouse) and the assets of any other person, this sub-  
2 section shall apply to the portion of the trust attributable  
3 to the assets of the individual (or of the individual's  
4 spouse).

5       “(C) This subsection shall apply to a trust without  
6 regard to

7           “(i) the purposes for which the trust is estab-  
8       lished;

9           “(ii) whether the trustees have or exercise any  
10       discretion under the trust;

11           “(iii) any restrictions on when or whether dis-  
12       tributions may be made from the trust; or

13           “(iv) any restrictions on the use of distributions  
14       from the trust.

15       “(3)(A) In the case of a revocable trust established  
16 by an individual, the corpus of the trust shall be consid-  
17 ered a resource available to the individual.

18       “(B) In the case of an irrevocable trust established  
19 by an individual, if there are any circumstances under  
20 which payment from the trust could be made to or for  
21 the benefit of the individual or the individual's spouse, the  
22 portion of the corpus from which payment to or for the  
23 benefit of the individual or the individual's spouse could  
24 be made shall be considered a resource available to the  
25 individual.

1       “(4) The Commissioner of Social Security may waive  
2 the application of this subsection with respect to an indi-  
3 vidual if the Commissioner determines that such applica-  
4 tion would work an undue hardship (as determined on the  
5 basis of criteria established by the Commissioner) on the  
6 individual.

7       “(5) This subsection shall not apply to a trust de-  
8 scribed in subparagraph (A) or (C) of section 1917(d)(4).

9       “(6) For purposes of this subsection

10           “(A) the term ‘trust’ includes any legal instru-  
11 ment or device that is similar to a trust;

12           “(B) the term ‘corpus’ means, with respect to  
13 a trust, all property and other interests held by the  
14 trust, including accumulated earnings and any other  
15 addition to the trust after its establishment (except  
16 that such term does not include any such earnings  
17 or addition in the month in which the earnings or  
18 addition is credited or otherwise transferred to the  
19 trust); and

20           “(C) the term ‘asset’ includes any income or re-  
21 source of the individual or of the individual's spouse,  
22 including

23           “(i) any income excluded by section  
24           1612(b);

1           “(ii) any resource otherwise excluded by  
2 this section; and

3           “(iii) any other payment or property to  
4 which the individual or the individual's spouse  
5 is entitled but does not receive or have access  
6 to because of action by

7                 “(I) the individual or spouse;

8                 “(II) a person or entity (including a  
9 court) with legal authority to act in place  
10 of, or on behalf of, the individual or  
11 spouse; or

12                 “(III) a person or entity (including a  
13 court) acting at the direction of, or on the  
14 request of, the individual or spouse.”.

15         (b) TREATMENT AS INCOME. Section 1612(a)(2) of  
16 such Act (42 U.S.C. 1382a(a)(2)) is amended

17             (1) by striking “and” at the end of subpara-  
18 graph (E);

19             (2) by striking the period at the end of sub-  
20 paragraph (F) and inserting “; and”; and

21             (3) by adding at the end the following:

22                 “(G) any earnings of, and additions to, the cor-  
23 pus of a trust established by an individual (within  
24 the meaning of section 1613(e)), of which the indi-  
25 vidual is a beneficiary, to which section 1613(e) ap-

1       plies, and, in the case of an irrevocable trust, with  
2       respect to which circumstances exist under which a  
3       payment from the earnings or additions could be  
4       made to or for the benefit of the individual."

5       (c)       CONFORMING        AMENDMENTS.Ð Section  
6 1902(a)(10) of the Social Security Act (42 U.S.C.  
7 1396a(a)(10)) is amendedÐ

8           (1) by striking "and" at the end of subpara-  
9       graph (E);

10          (2) by adding "and" at the end of subpara-  
11       graph (F); and

12          (3) by inserting after subparagraph (F) the fol-  
13       lowing:

14           "(G) that, in applying eligibility criteria of  
15       the supplemental security income program  
16       under title XVI for purposes of determining eli-  
17       gibility for medical assistance under the State  
18       plan of an individual who is not receiving sup-  
19       plemental security income, the State will dis-  
20       regard the provisions of section 1613(e);".

21       (d) EFFECTIVE DATE.Ð The amendments made by  
22 this section shall take effect on January 1, 2000, and shall  
23 apply to trusts established on or after such date.

1 **SEC. 206. DISPOSAL OF RESOURCES FOR LESS THAN FAIR**  
2 **MARKET VALUE UNDER THE SSI PROGRAM.**

3 (a) IN GENERAL. Section 1613(c) of the Social Se-  
4 curity Act (42 U.S.C. 1382b(c)) is amended

5 (1) in the caption, by striking "Notification of  
6 Medicaid Policy Restricting Eligibility of Institu-  
7 tionalized Individuals for Benefits Based on";

8 (2) in paragraph (1)

9 (A) in subparagraph (A)

10 (i) by inserting "paragraph (1) and"  
11 after "provisions of";

12 (ii) by striking "title XIX" the first  
13 place it appears and inserting "this title  
14 and title XIX, respectively";

15 (iii) by striking "subparagraph (B)"  
16 and inserting "clause (ii)";

17 (iv) by striking "paragraph (2)" and  
18 inserting "subparagraph (B)";

19 (B) in subparagraph (B)

20 (i) by striking "by the State agency";  
21 and

22 (ii) by striking "section 1917(c)" and  
23 all that follows and inserting "paragraph  
24 (1) or section 1917(c)."; and

25 (C) by redesignating subparagraphs (A)  
26 and (B) as clauses (i) and (ii), respectively;

1 (3) in paragraph (2)D

2 (A) by striking "(2)" and inserting "(B)";

3 and

4 (B) by striking "paragraph (1)(B)" and  
5 inserting "subparagraph (A)(ii)";

6 (4) by striking "(c)(1)" and inserting "(2)(A)";

7 and

8 (5) by inserting before paragraph (2) (as so re-  
9 designated by paragraph (4) of this subsection) the  
10 following:

11 "(c)(1)(A)(i) If an individual or the spouse of an indi-  
12 vidual disposes of resources for less than fair market value  
13 on or after the look-back date described in clause (ii)(I),  
14 the individual is ineligible for benefits under this title for  
15 months during the period beginning on the date described  
16 in clause (iii) and equal to the number of months cal-  
17 culated as provided in clause (iv).

18 "(ii)(I) The look-back date described in this sub-  
19 clause is a date that is 36 months before the date de-  
20 scribed in subclause (II).

21 "(II) The date described in this subclause is the date  
22 on which the individual applies for benefits under this title  
23 or, if later, the date on which the individual (or the spouse  
24 of the individual) disposes of resources for less than fair  
25 market value.

1       “(iii) The date described in this clause is the first  
2 day of the first month in or after which resources were  
3 disposed of for less than fair market value and which does  
4 not occur in any other period of ineligibility under this  
5 paragraph.

6       “(iv) The number of months calculated under this  
7 clause shall be equal to

8           “(I) the total, cumulative uncompensated value  
9 of all resources so disposed of by the individual (or  
10 the spouse of the individual) on or after the look-  
11 back date described in clause (ii)(I); divided by

12           “(II) the amount of the maximum monthly ben-  
13 efit payable under section 1611(b), plus the amount  
14 (if any) of the maximum State supplementary pay-  
15 ment corresponding to the State's payment level ap-  
16 plicable to the individual's living arrangement and  
17 eligibility category that would otherwise be payable  
18 to the individual by the Commissioner pursuant to  
19 an agreement under section 1616(a) of this Act or  
20 section 212(b) of Public Law 93-66, for the month  
21 in which occurs the date described in clause (ii)(II),  
22 rounded, in the case of any fraction, to the nearest whole  
23 number, but shall not in any case exceed 36 months.

24       “(B)(i) Notwithstanding subparagraph (A), this sub-  
25 section shall not apply to a transfer of a resource to a

1 trust if the portion of the trust attributable to the resource  
2 is considered a resource available to the individual pursu-  
3 ant to subsection (e)(3) (or would be so considered but  
4 for the application of subsection (e)(4)).

5       “(ii) In the case of a trust established by an indi-  
6 vidual or an individual's spouse (within the meaning of  
7 subsection (e)), if from such portion of the trust, if any,  
8 that is considered a resource available to the individual  
9 pursuant to subsection (e)(3) (or would be so considered  
10 but for the application of subsection (e)(4)) or the residue  
11 of the portion on the termination of the trust

12           “(I) there is made a payment other than to or  
13       for the benefit of the individual; or

14           “(II) no payment could under any circumstance  
15       be made to the individual,

16 then, for purposes of this subsection, the payment de-  
17 scribed in clause (I) or the foreclosure of payment de-  
18 scribed in clause (II) shall be considered a transfer of re-  
19 sources by the individual or the individual's spouse as of  
20 the date of the payment or foreclosure, as the case may  
21 be.

22       “(C) An individual shall not be ineligible for benefits  
23 under this title by reason of the application of this para-  
24 graph to a disposal of resources by the individual or the  
25 spouse of the individual, to the extent that

1            “(i) the resources are a home and title to the  
2 home was transferred to

3            “(I) the spouse of the transferor;

4            “(II) a child of the transferor who has not  
5 attained 21 years of age, or is blind or disabled;

6            “(III) a sibling of the transferor who has  
7 an equity interest in such home and who was  
8 residing in the transferor's home for a period of  
9 at least 1 year immediately before the date the  
10 transferor becomes an institutionalized indi-  
11 vidual; or

12           “(IV) a son or daughter of the transferor  
13 (other than a child described in subclause (II))  
14 who was residing in the transferor's home for  
15 a period of at least 2 years immediately before  
16 the date the transferor becomes an institu-  
17 tionalized individual, and who provided care to  
18 the transferor which permitted the transferor to  
19 reside at home rather than in such an institu-  
20 tion or facility;

21           “(ii) the resources

22           “(I) were transferred to the transferor's  
23 spouse or to another for the sole benefit of the  
24 transferor's spouse;

1           “(II) were transferred from the trans-  
2           feror's spouse to another for the sole benefit of  
3           the transferor's spouse;

4           “(III) were transferred to, or to a trust  
5           (including a trust described in section  
6           1917(d)(4)) established solely for the benefit of,  
7           the transferor's child who is blind or disabled;  
8           or

9           “(IV) were transferred to a trust (includ-  
10          ing a trust described in section 1917(d)(4)) es-  
11          tablished solely for the benefit of an individual  
12          who has not attained 65 years of age and who  
13          is disabled;

14          “(iii) a satisfactory showing is made to the  
15          Commissioner of Social Security (in accordance with  
16          regulations promulgated by the Commissioner)  
17          that

18               “(I) the individual who disposed of the re-  
19               sources intended to dispose of the resources ei-  
20               ther at fair market value, or for other valuable  
21               consideration;

22               “(II) the resources were transferred exclu-  
23               sively for a purpose other than to qualify for  
24               benefits under this title; or

1           “(III) all resources transferred for less  
2           than fair market value have been returned to  
3           the transferor; or

4           “(iv) the Commissioner determines, under pro-  
5           cedures established by the Commissioner, that the  
6           denial of eligibility would work an undue hardship as  
7           determined on the basis of criteria established by the  
8           Commissioner.

9           “(D) For purposes of this subsection, in the case of  
10          a resource held by an individual in common with another  
11          person or persons in a joint tenancy, tenancy in common,  
12          or similar arrangement, the resource (or the affected por-  
13          tion of such resource) shall be considered to be disposed  
14          of by the individual when any action is taken, either by  
15          the individual or by any other person, that reduces or  
16          eliminates the individual's ownership or control of such re-  
17          source.

18          “(E) In the case of a transfer by the spouse of an  
19          individual that results in a period of ineligibility for the  
20          individual under this subsection, the Commissioner shall  
21          apportion the period (or any portion of the period) among  
22          the individual and the individual's spouse if the spouse be-  
23          comes eligible for benefits under this title.

24          “(F) For purposes of this paragraph

1           “(i) the term ‘benefits under this title’ includes  
2           payments of the type described in section 1616(a) of  
3           this Act and of the type described in section 212(b)  
4           of Public Law 93-66;

5           “(ii) the term ‘institutionalized individual’ has  
6           the meaning given such term in section 1917(e)(3);  
7           and

8           “(iii) the term ‘trust’ has the meaning given  
9           such term in subsection (e)(6)(A) of this section.”.

10          (b)           CONFORMING           AMENDMENT.Ð Section  
11 1902(a)(10) of the Social Security Act (42 U.S.C.  
12 1396a(a)(10)), as amended by section 205(c) of this Act,  
13 is amended by striking “section 1613(e)” and inserting  
14 “subsections (c) and (e) of section 1613”.

15          (c)           EFFECTIVE DATE.Ð The amendments made by  
16 this section shall be effective with respect to disposals  
17 made on or after the date of the enactment of this Act.

18   **SEC. 207. ADMINISTRATIVE PROCEDURE FOR IMPOSING**  
19                           **PENALTIES FOR FALSE OR MISLEADING**  
20                           **STATEMENTS.**

21          (a)           IN GENERAL.Ð Part A of title XI of the Social  
22 Security Act (42 U.S.C. 1301 et seq.) is amended by in-  
23 serting after section 1129 the following:

1 "SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING  
2 PENALTIES FOR FALSE OR MISLEADING  
3 STATEMENTS.

4 "(a) IN GENERAL. Any person who makes, or  
5 causes to be made, a statement or representation of a ma-  
6 terial fact for use in determining any initial or continuing  
7 right to or the amount of

8 (1) monthly insurance benefits under title II;

9 or

10 (2) benefits or payments under title XVI,

11 that the person knows or should know is false or mis-  
12 leading or knows or should know omits a material fact  
13 or who makes such a statement with knowing disregard  
14 for the truth shall be subject to, in addition to any other  
15 penalties that may be prescribed by law, a penalty de-  
16 scribed in subsection (b) to be imposed by the Commis-  
17 sioner of Social Security.

18 "(b) PENALTY. The penalty described in this sub-  
19 section is

20 (1) nonpayment of benefits under title II that  
21 would otherwise be payable to the person; and

22 (2) ineligibility for cash benefits under title  
23 XVI,

24 for each month that begins during the applicable period  
25 described in subsection (c).

1       “(c) DURATION OF PENALTY.Ð The duration of the  
2 applicable period, with respect to a determination by the  
3 Commissioner under subsection (a) that a person has en-  
4 gaged in conduct described in subsection (a), shall beÐ

5           “(1) six consecutive months, in the case of the  
6 first such determination with respect to the person;

7           “(2) twelve consecutive months, in the case of  
8 the second such determination with respect to the  
9 person; and

10          “(3) twenty-four consecutive months, in the  
11 case of the third or subsequent such determination  
12 with respect to the person.

13       “(d) EFFECT ON OTHER ASSISTANCE.Ð A person  
14 subject to a period of nonpayment of benefits under title  
15 II or ineligibility for title XVI benefits by reason of this  
16 section nevertheless shall be considered to be eligible for  
17 and receiving such benefits, to the extent that the person  
18 would be receiving or eligible for such benefits but for the  
19 imposition of the penalty, for purposes ofÐ

20           “(1) determination of the eligibility of the per-  
21 son for benefits under titles XVIII and XIX; and

22           “(2) determination of the eligibility or amount  
23 of benefits payable under title II or XVI to another  
24 person.

1       “(e) DEFINITION. In this section, the term ‘benefits  
2 under title XVI’ includes State supplementary payments  
3 made by the Commissioner pursuant to an agreement  
4 under section 1616(a) of this Act or section 212(b) of  
5 Public Law 93-66.

6       “(f) CONSULTATIONS. The Commissioner of Social  
7 Security shall consult with the Inspector General of the  
8 Social Security Administration regarding initiating actions  
9 under this section.”.

10       (b) CONFORMING AMENDMENT PRECLUDING DE-  
11 LAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH  
12 A NONPAYMENT OF BENEFITS PENALTY APPLIES. Section  
13 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B))  
14 is amended

15           (1) by striking “and” at the end of clause (i);

16           (2) by striking the period at the end of clause

17           (ii) and inserting “, and”; and

18           (3) by adding at the end the following:

19                   “(iii) such individual was not subject to a  
20                   penalty imposed under section 1129A.”.

21       (c) ELIMINATION OF REDUNDANT PROVISION. Section  
22 1611(e) of such Act (42 U.S.C. 1382(e)) is  
23 amended

24           (1) by striking paragraph (4);

1           (2) in paragraph (6)(A)(i), by striking ``(5)''  
2           and inserting ``(4)''; and

3           (3) by redesignating paragraphs (5) and (6) as  
4           paragraphs (4) and (5), respectively.

5           (d) REGULATIONS.Ð Within 6 months after the date  
6 of the enactment of this Act, the Commissioner of Social  
7 Security shall develop regulations that prescribe the ad-  
8 ministrative process for making determinations under sec-  
9 tion 1129A of the Social Security Act (including when the  
10 applicable period in subsection (c) of such section shall  
11 commence), and shall provide guidance on the exercise of  
12 discretion as to whether the penalty should be imposed  
13 in particular cases.

14          (e) EFFECTIVE DATE.Ð The amendments made by  
15 this section shall apply to statements and representations  
16 made on or after the date of the enactment of this Act.

17 **SEC. 208. EXCLUSION OF REPRESENTATIVES AND HEALTH**  
18 **CARE PROVIDERS CONVICTED OF VIOLA-**  
19 **TIONS FROM PARTICIPATION IN SOCIAL SE-**  
20 **CURITY PROGRAMS.**

21          (a) IN GENERAL.Ð Part A of title XI of the Social  
22 Security Act is amended by inserting before section 1137  
23 (42 U.S.C. 1320b±7) the following:

1 `EXCLUSION OF REPRESENTATIVES AND HEALTH CARE  
2 PROVIDERS CONVICTED OF VIOLATIONS FROM PAR-  
3 TICIPATION IN SOCIAL SECURITY PROGRAMS

4 `SEC. 1136. (a) IN GENERAL.Ð The Commissioner  
5 of Social Security shall exclude from participation in the  
6 social security programs any representative or health care  
7 providerÐ

8 `(1) who is convicted of a violation of section  
9 208 or 1632 of this Act;

10 `(2) who is convicted of any violation under  
11 title 18, United States Code, relating to an initial  
12 application for or continuing entitlement to, or  
13 amount of, benefits under title II of this Act, or an  
14 initial application for or continuing eligibility for, or  
15 amount of, benefits under title XVI of this Act; or

16 `(3) who the Commissioner determines has  
17 committed an offense described in section  
18 1129(a)(1) of this Act.

19 `(b) NOTICE, EFFECTIVE DATE, AND PERIOD OF  
20 EXCLUSION.Ð (1) An exclusion under this section shall be  
21 effective at such time, for such period, and upon such rea-  
22 sonable notice to the public and to the individual excluded  
23 as may be specified in regulations consistent with para-  
24 graph (2).

1       “(2) Such an exclusion shall be effective with respect  
2 to services furnished to any individual on or after the ef-  
3 fective date of the exclusion. Nothing in this section may  
4 be construed to preclude, in determining disability under  
5 title II or title XVI, consideration of any medical evidence  
6 derived from services provided by a health care provider  
7 before the effective date of the exclusion of the health care  
8 provider under this section.

9       “(3)(A) The Commissioner shall specify, in the notice  
10 of exclusion under paragraph (1), the period of the exclu-  
11 sion.

12       “(B) Subject to subparagraph (C), in the case of an  
13 exclusion under subsection (a), the minimum period of ex-  
14 clusion shall be five years, except that the Commissioner  
15 may waive the exclusion in the case of an individual who  
16 is the sole source of essential services in a community. The  
17 Commissioner's decision whether to waive the exclusion  
18 shall not be reviewable.

19       “(C) In the case of an exclusion of an individual  
20 under subsection (a) based on a conviction or a determina-  
21 tion described in subsection (a)(3) occurring on or after  
22 the date of the enactment of this section, if the individual  
23 has (before, on, or after such date of the enactment) been  
24 convicted, or if such a determination has been made with  
25 respect to the individual

1           “(i) on one previous occasion of one or more of-  
2       fenses for which an exclusion may be effected under  
3       such subsection, the period of the exclusion shall be  
4       not less than 10 years; or

5           “(ii) on two or more previous occasions of one  
6       or more offenses for which an exclusion may be ef-  
7       fected under such subsection, the period of the ex-  
8       clusion shall be permanent.

9       “(c) NOTICE TO STATE AGENCIES.Ð The Commis-  
10      sioner shall promptly notify each appropriate State agency  
11      employed for the purpose of making disability determina-  
12      tions under section 221 or 1633(a)Ð

13           “(1) of the fact and circumstances of each ex-  
14      clusion effected against an individual under this sec-  
15      tion; and

16           “(2) of the period (described in subsection  
17      (b)(3)) for which the State agency is directed to ex-  
18      clude the individual from participation in the activi-  
19      ties of the State agency in the course of its employ-  
20      ment.

21       “(d) NOTICE TO STATE LICENSING AGENCIES.Ð The  
22      Commissioner shallÐ

23           “(1) promptly notify the appropriate State or  
24      local agency or authority having responsibility for  
25      the licensing or certification of an individual ex-

1       cluded from participation under this section of the  
2       fact and circumstances of the exclusion;

3           “(2) request that appropriate investigations be  
4       made and sanctions invoked in accordance with ap-  
5       plicable State law and policy; and

6           “(3) request that the State or local agency or  
7       authority keep the Commissioner and the Inspector  
8       General of the Social Security Administration fully  
9       and currently informed with respect to any actions  
10      taken in response to the request.

11      “(e) NOTICE, HEARING, AND JUDICIAL REVIEW.Ð

12      (1) Any individual who is excluded (or directed to be ex-  
13      cluded) from participation under this section is entitled  
14      to reasonable notice and opportunity for a hearing thereon  
15      by the Commissioner to the same extent as is provided  
16      in section 205(b), and to judicial review of the Commis-  
17      sioner's final decision after such hearing as is provided  
18      in section 205(g).

19           “(2) The provisions of section 205(h) shall apply with  
20      respect to this section to the same extent as it is applicable  
21      with respect to title II.

22      “(f) APPLICATION FOR TERMINATION OF EXCLU-  
23      SION.Ð (1) An individual excluded from participation  
24      under this section may apply to the Commissioner, in the  
25      manner specified by the Commissioner in regulations and

1 at the end of the minimum period of exclusion provided  
2 under subsection (b)(3) and at such other times as the  
3 Commissioner may provide, for termination of the exclu-  
4 sion effected under this section.

5       “(2) The Commissioner may terminate the exclusion  
6 if the Commissioner determines, on the basis of the con-  
7 duct of the applicant which occurred after the date of the  
8 notice of exclusion or which was unknown to the Commis-  
9 sioner at the time of the exclusion, that

10           “(A) there is no basis under subsection (a) for  
11 a continuation of the exclusion; and

12           “(B) there are reasonable assurances that the  
13 types of actions which formed the basis for the origi-  
14 nal exclusion have not recurred and will not recur.

15       “(3) The Commissioner shall promptly notify each  
16 State agency employed for the purpose of making dis-  
17 ability determinations under section 221 or 1633(a) of the  
18 fact and circumstances of each termination of exclusion  
19 made under this subsection.

20       “(g) AVAILABILITY OF RECORDS OF EXCLUDED  
21 REPRESENTATIVES AND HEALTH CARE PROVIDERS.

22 Nothing in this section shall be construed to have the ef-  
23 fect of limiting access by any applicant or beneficiary  
24 under title II or XVI, any State agency acting under sec-  
25 tion 221 or 1633(a), or the Commissioner to records main-

1 tained by any representative or health care provider in  
2 connection with services provided to the applicant or bene-  
3 ficiary prior to the exclusion of such representative or  
4 health care provider under this section.

5       “(h) REPORTING REQUIREMENT.Ð Any representa-  
6 tive or health care provider participating in, or seeking  
7 to participate in, a social security program shall inform  
8 the Commissioner, in such form and manner as the Com-  
9 missioner shall prescribe by regulation, whether such rep-  
10 resentative or health care provider has been convicted of  
11 a violation described in subsection (a).

12       “(i) DELEGATION OF AUTHORITY.Ð The Commis-  
13 sioner may delegate authority granted by this section to  
14 the Inspector General.

15       “(j) DEFINITIONS.Ð For purposes of this section:

16               “(1) EXCLUDE.Ð The term ‘exclude’ from par-  
17 ticipation meansÐ

18                       “(A) in connection with a representative,  
19 to prohibit from engaging in representation of  
20 an applicant for, or recipient of, benefits, as a  
21 representative payee under section 205(j) or  
22 section 1631(a)(2)(A)(ii), or otherwise as a rep-  
23 resentative, in any hearing or other proceeding  
24 relating to entitlement to benefits; and

1           “(B) in connection with a health care pro-  
2           vider, to prohibit from providing items or serv-  
3           ices to an applicant for, or recipient of, benefits  
4           for the purpose of assisting such applicant or  
5           recipient in demonstrating disability.

6           “(2) SOCIAL SECURITY PROGRAM.Ð The term  
7           ’social security programs’ means the program pro-  
8           viding for monthly insurance benefits under title II,  
9           and the program providing for monthly supplemental  
10          security income benefits to individuals under title  
11          XVI (including State supplementary payments made  
12          by the Commissioner pursuant to an agreement  
13          under section 1616(a) of this Act or section 212(b)  
14          of Public Law 93-66).

15          “(3) CONVICTED.Ð An individual is considered  
16          to have been ‘convicted’ of a violationÐ

17               “(A) when a judgment of conviction has  
18               been entered against the individual by a Fed-  
19               eral, State, or local court, except if the judg-  
20               ment of conviction has been set aside or ex-  
21               punged;

22               “(B) when there has been a finding of  
23               guilt against the individual by a Federal, State,  
24               or local court;

1           “(C) when a plea of guilty or nolo  
2           contendere by the individual has been accepted  
3           by a Federal, State, or local court; or

4           “(D) when the individual has entered into  
5           participation in a first offender, deferred adju-  
6           dication, or other arrangement or program  
7           where judgment of conviction has been with-  
8           held.”.

9           (b) **EFFECTIVE DATE.** The amendment made by  
10          this section shall apply with respect to convictions of viola-  
11          tions described in paragraphs (1) and (2) of section  
12          1136(a) of the Social Security Act and determinations de-  
13          scribed in paragraph (3) of such section occurring on or  
14          after the date of the enactment of this Act.

15          **SEC. 209. STATE DATA EXCHANGES.**

16          Whenever the Commissioner of Social Security re-  
17          quests information from a State for the purpose of  
18          ascertaining an individual's eligibility for benefits (or the  
19          correct amount of such benefits) under title II or XVI of  
20          the Social Security Act, the standards of the Commis-  
21          sioner promulgated pursuant to section 1106 of such Act  
22          or any other Federal law for the use, safeguarding, and  
23          disclosure of information are deemed to meet any stand-  
24          ards of the State that would otherwise apply to the dislo-  
25          sure of information by the State to the Commissioner.

1 **SEC. 210. STUDY ON POSSIBLE MEASURES TO IMPROVE**  
2 **FRAUD PREVENTION AND ADMINISTRATIVE**  
3 **PROCESSING.**

4 (a) **STUDY.** As soon as practicable after the date of  
5 the enactment of this Act, the Commissioner of Social Se-  
6 curity, in consultation with the Inspector General of the  
7 Social Security Administration and the Attorney General,  
8 shall conduct a study of possible measures to improve

9 (1) prevention of fraud on the part of individ-  
10 uals entitled to disability benefits under section 223  
11 of the Social Security Act or benefits under section  
12 202 of such Act based on the beneficiary's disability,  
13 individuals eligible for supplemental security income  
14 benefits under title XVI of such Act, and applicants  
15 for any such benefits; and

16 (2) timely processing of reported income  
17 changes by individuals receiving such benefits.

18 (b) **REPORT.** Not later than 1 year after the date  
19 of the enactment of this Act, the Commissioner shall sub-  
20 mit to the Committee on Ways and Means of the House  
21 of Representatives and the Committee on Finance of the  
22 Senate a written report that contains the results of the  
23 Commissioner's study under subsection (a). The report  
24 shall contain such recommendations for legislative and ad-  
25 ministrative changes as the Commissioner considers ap-  
26 propriate.

1 **SEC. 211. ANNUAL REPORT ON AMOUNTS NECESSARY TO**  
2 **COMBAT FRAUD.**

3 (a) IN GENERAL.Ð Section 704(b)(1) of the Social  
4 Security Act (42 U.S.C. 904(b)(1)) is amendedÐ

5 (1) by inserting ``(A)" after ``(b)(1)"; and

6 (2) by adding at the end the following new sub-  
7 paragraph:

8 ``(B) The Commissioner shall include in the annual  
9 budget prepared pursuant to subparagraph (A) an  
10 itemization of the amount of funds required by the Social  
11 Security Administration for the fiscal year covered by the  
12 budget to support efforts to combat fraud committed by  
13 applicants and beneficiaries.".

14 (b) EFFECTIVE DATE.Ð The amendments made by  
15 this section shall apply with respect to annual budgets pre-  
16 pared for fiscal years after fiscal year 1999.

17 **SEC. 212. COMPUTER MATCHES WITH MEDICARE AND MED-**  
18 **ICAID INSTITUTIONALIZATION DATA.**

19 (a) IN GENERAL.Ð Section 1611(e)(1) of the Social  
20 Security Act (42 U.S.C. 1382(e)(1)) is amended by adding  
21 at the end the following:

22 ``(J) For the purpose of carrying out this paragraph,  
23 the Commissioner of Social Security shall conduct periodic  
24 computer matches with data maintained by the Secretary  
25 of Health and Human Services under title XVIII or XIX.  
26 The Secretary shall furnish to the Commissioner, in such

1 form and manner and under such terms as the Commis-  
2 sioner and the Secretary shall mutually agree, such infor-  
3 mation as the Commissioner may request for this purpose.  
4 Information obtained pursuant to such a match may be  
5 substituted for the physician's certification otherwise re-  
6 quired under subparagraph (G)(i)."

7 (b) CONFORMING AMENDMENT. Section  
8 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is  
9 amended by striking "subparagraph (H)" and inserting  
10 "subparagraph (H) or (J)".

11 **SEC. 213. ACCESS TO INFORMATION HELD BY FINANCIAL**  
12 **INSTITUTIONS.**

13 Section 1631(e)(1)(B) of the Social Security Act (42  
14 U.S.C. 1383(e)(1)(B)) is amended

15 (1) by striking "(B) The" and inserting "(B)(i)  
16 The"; and

17 (2) by adding at the end the following new  
18 clause:

19 "(ii)(I) The Commissioner of Social Security may re-  
20 quire each applicant for, or recipient of, benefits under  
21 this title to provide authorization by the applicant or re-  
22 cipient (or by any other person whose income or resources  
23 are material to the determination of the eligibility of the  
24 applicant or recipient for such benefits) for the Commis-  
25 sioner to obtain (subject to the cost reimbursement re-

1 requirements of section 1115(a) of the Right to Financial  
2 Privacy Act) from any financial institution (within the  
3 meaning of section 1101(1) of such Act) any financial  
4 record (within the meaning of section 1101(2) of such  
5 Act) held by the institution with respect to the applicant  
6 or recipient (or any such other person) whenever the Com-  
7 missioner determines the record is needed in connection  
8 with a determination with respect to such eligibility or the  
9 amount of such benefits.

10       “(II) Notwithstanding section 1104(a)(1) of the  
11 Right to Financial Privacy Act, an authorization provided  
12 by an applicant or recipient (or any other person whose  
13 income or resources are material to the determination of  
14 the eligibility of the applicant or recipient) pursuant to  
15 subclause (I) of this clause shall remain effective until the  
16 earliest of

17               “(aa) the rendering of a final adverse decision  
18               on the applicant's application for eligibility for bene-  
19               fits under this title;

20               “(bb) the cessation of the recipient's eligibility  
21               for benefits under this title; or

22               “(cc) the express revocation by the applicant or  
23               recipient (or such other person referred to in sub-  
24               clause (I)) of the authorization, in a written notifica-  
25               tion to the Commissioner.

1       “(III)(aa) An authorization obtained by the Commis-  
2 sioner of Social Security pursuant to this clause shall be  
3 considered to meet the requirements of the Right to Fi-  
4 nancial Privacy Act for purposes of section 1103(a) of  
5 such Act, and need not be furnished to the financial insti-  
6 tution, notwithstanding section 1104(a) of such Act.

7       “(bb) The certification requirements of section  
8 1103(b) of the Right to Financial Privacy Act shall not  
9 apply to requests by the Commissioner of Social Security  
10 pursuant to an authorization provided under this clause.

11       “(cc) A request by the Commissioner pursuant to an  
12 authorization provided under this clause is deemed to meet  
13 the requirements of section 1104(a)(3) of the Right to Fi-  
14 nancial Privacy Act and the flush language of section  
15 1102 of such Act.

16       “(IV) The Commissioner shall inform any person who  
17 provides authorization pursuant to this clause of the dura-  
18 tion and scope of the authorization.

19       “(V) If an applicant for, or recipient of, benefits  
20 under this title (or any such other person referred to in  
21 subclause (I)) refuses to provide, or revokes, any author-  
22 ization made by the applicant or recipient for the Commis-  
23 sioner of Social Security to obtain from any financial insti-  
24 tution any financial record, the Commissioner may, on

1 that basis, determine that the applicant or recipient is in-  
 2 eligible for benefits under this title."

3 **Subtitle B—Benefits For Certain**  
 4 **World War II Veterans**

5 **SEC. 251. ESTABLISHMENT OF PROGRAM OF SPECIAL BEN-**  
 6 **EFITS FOR CERTAIN WORLD WAR II VET-**  
 7 **ERANS.**

8 (a) IN GENERAL.—The Social Security Act is amend-  
 9 ed by inserting after title VII the following new title:

10 **“TITLE VIII—SPECIAL BENEFITS**  
 11 **FOR CERTAIN WORLD WAR II**  
 12 **VETERANS**

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- Sec. 801. Basic entitlement to benefits.
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- Sec. 811. Penalties for fraud.
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- Sec. 813. Appropriations.

13 **“SEC. 801. BASIC ENTITLEMENT TO BENEFITS.**

14 Every individual who is a qualified individual under  
 15 section 802 shall, in accordance with and subject to the  
 16 provisions of this title, be entitled to a monthly benefit  
 17 paid by the Commissioner of Social Security for each  
 18 month after September 2000 (or such earlier month, if

1 the Commissioner determines is administratively feasible)  
2 the individual resides outside the United States.

3 **“SEC. 802. QUALIFIED INDIVIDUALS.**

4     `Except as otherwise provided in this title, an  
5 individual

6         `(1) who has attained the age of 65 on or be-  
7 fore the date of the enactment of this title;

8         `(2) who is a World War II veteran;

9         `(3) who is eligible for a supplemental security  
10 income benefit under title XVI for

11             `(A) the month in which this title is en-  
12 acted; and

13             `(B) the month in which the individual  
14 files an application for benefits under this title;

15         `(4) whose total benefit income is less than 75  
16 percent of the Federal benefit rate under title XVI;

17         `(5) who has filed an application for benefits  
18 under this title; and

19         `(6) who is in compliance with all requirements  
20 imposed by the Commissioner of Social Security  
21 under this title,

22 shall be a qualified individual for purposes of this title.

23 **“SEC. 803. RESIDENCE OUTSIDE THE UNITED STATES.**

24     `For purposes of section 801, with respect to any  
25 month, an individual shall be regarded as residing outside

1 the United States if, on the first day of the month, the  
2 individual so resides outside the United States.

3 **“SEC. 804. DISQUALIFICATIONS.**

4       “(a) IN GENERAL.Ð Notwithstanding section 802, an  
5 individual may not be a qualified individual for any  
6 monthÐ

7           “(1) that begins after the month in which the  
8 Commissioner of Social Security is notified by the  
9 Attorney General that the individual has been re-  
10 moved from the United States pursuant to section  
11 237(a) or 212(a)(6)(A) of the Immigration and Na-  
12 tionality Act and before the month in which the indi-  
13 vidual is lawfully admitted to the United States for  
14 permanent residence;

15           “(2) during any part of which the individual is  
16 fleeing to avoid prosecution, or custody or confine-  
17 ment after conviction, under the laws of the United  
18 States or the jurisdiction within the United States  
19 from which the person has fled, for a crime, or an  
20 attempt to commit a crime, that is a felony under  
21 the laws of the place from which the individual has  
22 fled, or which, in the case of the State of New Jer-  
23 sey, is a high misdemeanor under the laws of such  
24 State;



1 quirements with respect to the filing of applications, the  
2 furnishing of information and other material, and the re-  
3 porting of events and changes in circumstances, as may  
4 be necessary for the effective and efficient administration  
5 of this title.

6       “(b) VERIFICATION REQUIREMENT.Ð The require-  
7 ments prescribed by the Commissioner of Social Security  
8 under subsection (a) shall preclude any determination of  
9 entitlement to benefits under this title solely on the basis  
10 of declarations by the individual concerning qualifications  
11 or other material facts, and shall provide for verification  
12 of material information from independent or collateral  
13 sources, and the procurement of additional information as  
14 necessary in order to ensure that the benefits are provided  
15 only to qualified individuals (or their representative pay-  
16 ees) in correct amounts.

17 **“SEC. 807. REPRESENTATIVE PAYEES.**

18       “(a) IN GENERAL.Ð If the Commissioner of Social  
19 Security determines that the interest of any qualified indi-  
20 vidual under this title would be served thereby, payment  
21 of the qualified individual's benefit under this title may  
22 be made, regardless of the legal competency or incom-  
23 petency of the qualified individual, either directly to the  
24 qualified individual, or for his or her benefit, to another  
25 person (the meaning of which term, for purposes of this

1 section, includes an organization) with respect to whom  
2 the requirements of subsection (b) have been met (in this  
3 section referred to as the qualified individual's `represent-  
4 ative payee'). If the Commissioner of Social Security de-  
5 termines that a representative payee has misused any ben-  
6 efit paid to the representative payee pursuant to this sec-  
7 tion, section 205(j), or section 1631(a)(2), the Commis-  
8 sioner of Social Security shall promptly revoke the per-  
9 son's designation as the qualified individual's representa-  
10 tive payee under this subsection, and shall make payment  
11 to an alternative representative payee or, if the interest  
12 of the qualified individual under this title would be served  
13 thereby, to the qualified individual.

14       ``(b) EXAMINATION OF FITNESS OF PROSPECTIVE  
15 REPRESENTATIVE PAYEE.Ð

16           ``(1) Any determination under subsection (a) to  
17 pay the benefits of a qualified individual to a rep-  
18 resentative payee shall be made on the basis ofÐ

19           ``(A) an investigation by the Commissioner  
20 of Social Security of the person to serve as rep-  
21 resentative payee, which shall be conducted in  
22 advance of the determination and shall, to the  
23 extent practicable, include a face-to-face inter-  
24 view with the person (or, in the case of an orga-

1 nization, a representative of the organization);  
2 and

3 ``(B) adequate evidence that the arrange-  
4 ment is in the interest of the qualified indi-  
5 vidual.

6 ``(2) As part of the investigation referred to in  
7 paragraph (1), the Commissioner of Social Security  
8 shall

9 ``(A) require the person being investigated  
10 to submit documented proof of the identity of  
11 the person;

12 ``(B) in the case of a person who has a so-  
13 cial security account number issued for pur-  
14 poses of the program under title II or an em-  
15 ployer identification number issued for purposes  
16 of the Internal Revenue Code of 1986, verify  
17 the number;

18 ``(C) determine whether the person has  
19 been convicted of a violation of section 208,  
20 811, or 1632; and

21 ``(D) determine whether payment of bene-  
22 fits to the person in the capacity as representa-  
23 tive payee has been revoked or terminated pur-  
24 suant to this section, section 205(j), or section  
25 1631(a)(2)(A)(iii) by reason of misuse of funds

1           paid as benefits under this title, title II, or  
2           XVI, respectively.

3           “(c) REQUIREMENT FOR MAINTAINING LISTS OF UN-  
4 DESIRABLE PAYEES.Ð The Commissioner of Social Secu-  
5 rity shall establish and maintain lists which shall be up-  
6 dated periodically and which shall be in a form that ren-  
7 ders such lists available to the servicing offices of the So-  
8 cial Security Administration. The lists shall consist ofÐ

9           “(1) the names and (if issued) social security  
10          account numbers or employer identification numbers  
11          of all persons with respect to whom, in the capacity  
12          of representative payee, the payment of benefits has  
13          been revoked or terminated under this section, sec-  
14          tion 205(j), or section 1631(a)(2)(A)(iii) by reason  
15          of misuse of funds paid as benefits under this title,  
16          title II, or XVI, respectively; and

17          “(2) the names and (if issued) social security  
18          account numbers or employer identification numbers  
19          of all persons who have been convicted of a violation  
20          of section 208, 811, or 1632.

21          “(d) PERSONS INELIGIBLE TO SERVE AS REP-  
22 RESENTATIVE PAYEES.Ð

23          “(1) IN GENERAL.Ð The benefits of a qualified  
24          individual may not be paid to any other person pur-  
25          suant to this section ifÐ

1           “(A) the person has been convicted of a  
2 violation of section 208, 811, or 1632;

3           “(B) except as provided in paragraph (2),  
4 payment of benefits to the person in the capac-  
5 ity of representative payee has been revoked or  
6 terminated under this section, section 205(j), or  
7 section 1631(a)(2)(A)(ii) by reason of misuse of  
8 funds paid as benefits under this title, title II,  
9 or title XVI, respectively; or

10          “(C) except as provided in paragraph  
11 (2)(B), the person is a creditor of the qualified  
12 individual and provides the qualified individual  
13 with goods or services for consideration.

14          “(2) EXEMPTIONS.Ð

15          “(A) The Commissioner of Social Security  
16 may prescribe circumstances under which the  
17 Commissioner of Social Security may grant an  
18 exemption from paragraph (1) to any person on  
19 a case-by-case basis if the exemption is in the  
20 best interest of the qualified individual whose  
21 benefits would be paid to the person pursuant  
22 to this section.

23          “(B) Paragraph (1)(C) shall not apply  
24 with respect to any person who is a creditor re-  
25 ferred to in such paragraph if the creditor isÐ

1           “(i) a relative of the qualified indi-  
2           vidual and the relative resides in the same  
3           household as the qualified individual;

4           “(ii) a legal guardian or legal rep-  
5           resentative of the individual;

6           “(iii) a facility that is licensed or cer-  
7           tified as a care facility under the law of  
8           the political jurisdiction in which the quali-  
9           fied individual resides;

10          “(iv) a person who is an adminis-  
11          trator, owner, or employee of a facility re-  
12          ferred to in clause (iii), if the qualified in-  
13          dividual resides in the facility, and the pay-  
14          ment to the facility or the person is made  
15          only after the Commissioner of Social Se-  
16          curity has made a good faith effort to lo-  
17          cate an alternative representative payee to  
18          whom payment would serve the best inter-  
19          ests of the qualified individual; or

20          “(v) a person who is determined by  
21          the Commissioner of Social Security, on  
22          the basis of written findings and pursuant  
23          to procedures prescribed by the Commis-  
24          sioner of Social Security, to be acceptable  
25          to serve as a representative payee.

1           “(C) The procedures referred to in sub-  
2           paragraph (B)(v) shall require the person who  
3           will serve as representative payee to establish,  
4           to the satisfaction of the Commissioner of So-  
5           cial Security, that

6                   “(i) the person poses no risk to the  
7                   qualified individual;

8                   “(ii) the financial relationship of the  
9                   person to the qualified individual poses no  
10                  substantial conflict of interest; and

11                  “(iii) no other more suitable rep-  
12                  resentative payee can be found.

13           “(e) DEFERRAL OF PAYMENT PENDING APPOINT-  
14           MENT OF REPRESENTATIVE PAYEE.

15                   “(1) IN GENERAL. Subject to paragraph (2),  
16           if the Commissioner of Social Security makes a de-  
17           termination described in the first sentence of sub-  
18           section (a) with respect to any qualified individual's  
19           benefit and determines that direct payment of the  
20           benefit to the qualified individual would cause sub-  
21           stantial harm to the qualified individual, the Com-  
22           missioner of Social Security may defer (in the case  
23           of initial entitlement) or suspend (in the case of ex-  
24           isting entitlement) direct payment of the benefit to  
25           the qualified individual, until such time as the selec-

1 tion of a representative payee is made pursuant to  
2 this section.

3 ``(2) TIME LIMITATION.Ð

4 ``(A) IN GENERAL.Ð Except as provided in  
5 subparagraph (B), any deferral or suspension of  
6 direct payment of a benefit pursuant to para-  
7 graph (1) shall be for a period of not more than  
8 1 month.

9 ``(B) EXCEPTION IN THE CASE OF INCOM-  
10 PETENCY.Ð Subparagraph (A) shall not apply  
11 in any case in which the qualified individual is,  
12 as of the date of the Commissioner of Social  
13 Security's determination, legally incompetent  
14 under the laws of the jurisdiction in which the  
15 individual resides.

16 ``(3) PAYMENT OF RETROACTIVE BENEFITS.Ð

17 Payment of any benefits which are deferred or sus-  
18 pended pending the selection of a representative  
19 payee shall be made to the qualified individual or the  
20 representative payee as a single sum or over such  
21 period of time as the Commissioner of Social Secu-  
22 rity determines is in the best interest of the qualified  
23 individual.

24 ``(f) HEARING.Ð Any qualified individual who is dis-  
25 satisfied with a determination by the Commissioner of So-

1 cial Security to make payment of the qualified individual's  
2 benefit to a representative payee under subsection (a) of  
3 this section or with the designation of a particular person  
4 to serve as representative payee shall be entitled to a hear-  
5 ing by the Commissioner of Social Security to the same  
6 extent as is provided in section 809(a), and to judicial re-  
7 view of the Commissioner of Social Security's final deci-  
8 sion as is provided in section 809(b).

9       “(g) NOTICE REQUIREMENTS.Ð

10           “(1) IN GENERAL.Ð In advance, to the extent  
11 practicable, of the payment of a qualified individ-  
12 ual's benefit to a representative payee under sub-  
13 section (a), the Commissioner of Social Security  
14 shall provide written notice of the Commissioner's  
15 initial determination to so make the payment. The  
16 notice shall be provided to the qualified individual,  
17 except that, if the qualified individual is legally in-  
18 competent, then the notice shall be provided solely to  
19 the legal guardian or legal representative of the  
20 qualified individual.

21           “(2) SPECIFIC REQUIREMENTS.Ð Any notice re-  
22 quired by paragraph (1) shall be clearly written in  
23 language that is easily understandable to the reader,  
24 shall identify the person to be designated as the  
25 qualified individual's representative payee, and shall

1 explain to the reader the right under subsection (f)  
2 of the qualified individual or of the qualified individ-  
3 ual's legal guardian or legal representative

4       “(A) to appeal a determination that a rep-  
5       resentative payee is necessary for the qualified  
6       individual;

7       “(B) to appeal the designation of a par-  
8       ticular person to serve as the representative  
9       payee of the qualified individual; and

10       “(C) to review the evidence upon which the  
11       designation is based and to submit additional  
12       evidence.

13       “(h) ACCOUNTABILITY MONITORING.

14       “(1) IN GENERAL. In any case where payment  
15       under this title is made to a person other than the  
16       qualified individual entitled to the payment, the  
17       Commissioner of Social Security shall establish a  
18       system of accountability monitoring under which the  
19       person shall report not less often than annually with  
20       respect to the use of the payments. The Commis-  
21       sioner of Social Security shall establish and imple-  
22       ment statistically valid procedures for reviewing the  
23       reports in order to identify instances in which per-  
24       sons are not properly using the payments.

1            “(2) SPECIAL REPORTS.Ð Notwithstanding  
2 paragraph (1), the Commissioner of Social Security  
3 may require a report at any time from any person  
4 receiving payments on behalf of a qualified indi-  
5 vidual, if the Commissioner of Social Security has  
6 reason to believe that the person receiving the pay-  
7 ments is misusing the payments.

8            “(3) MAINTAINING LISTS OF PAYEES.Ð The  
9 Commissioner of Social Security shall maintain lists  
10 which shall be updated periodically ofÐ

11            “(A) the name, address, and (if issued) the  
12 social security account number or employer  
13 identification number of each representative  
14 payee who is receiving benefit payments pursu-  
15 ant to this section, section 205(j), or section  
16 1631(a)(2); and

17            “(B) the name, address, and social security  
18 account number of each individual for whom  
19 each representative payee is reported to be pro-  
20 viding services as representative payee pursuant  
21 to this section, section 205(j), or section  
22 1631(a)(2).

23            “(4) MAINTAINING LISTS OF AGENCIES.Ð The  
24 Commissioner of Social Security shall maintain lists,  
25 which shall be updated periodically, of public agen-

1       cies and community-based nonprofit social service  
2       agencies which are qualified to serve as representa-  
3       tive payees pursuant to this section and which are  
4       located in the jurisdiction in which any qualified in-  
5       dividual resides.

6       “(i) RESTITUTION.Ð In any case where the negligent  
7       failure of the Commissioner of Social Security to inves-  
8       tigate or monitor a representative payee results in misuse  
9       of benefits by the representative payee, the Commissioner  
10      of Social Security shall make payment to the qualified in-  
11      dividual or the individual's alternative representative  
12      payee of an amount equal to the misused benefits. The  
13      Commissioner of Social Security shall make a good faith  
14      effort to obtain restitution from the terminated represent-  
15      ative payee.

16      **“SEC. 808. OVERPAYMENTS AND UNDERPAYMENTS.**

17      “(a) IN GENERAL.Ð Whenever the Commissioner of  
18      Social Security finds that more or less than the correct  
19      amount of payment has been made to any person under  
20      this title, proper adjustment or recovery shall be made,  
21      as follows:

22              “(1) With respect to payment to a person of  
23              more than the correct amount, the Commissioner of  
24              Social Security shall decrease any paymentÐ

1           “(A) under this title to which the overpaid  
2           person (if a qualified individual) is entitled, or  
3           shall require the overpaid person or his or her  
4           estate to refund the amount in excess of the  
5           correct amount, or, if recovery is not obtained  
6           under these 2 methods, shall seek or pursue re-  
7           covery by means of reduction in tax refunds  
8           based on notice to the Secretary of the Treas-  
9           ury, as authorized under section 3720A of title  
10          31, United States Code; or

11          “(B) under title II to recover the amount  
12          in excess of the correct amount, if the person  
13          is not currently eligible for payment under this  
14          title.

15          “(2) With respect to payment of less than the  
16          correct amount to a qualified individual who, at the  
17          time the Commissioner of Social Security is pre-  
18          pared to take action with respect to the  
19          underpayment

20          “(A) is living, the Commissioner of Social  
21          Security shall make payment to the qualified in-  
22          dividual (or the qualified individual's represent-  
23          ative payee designated under section 807) of  
24          the balance of the amount due the underpaid  
25          qualified individual; or

1           “(B) is deceased, the balance of the  
2           amount due shall revert to the general fund of  
3           the Treasury.

4           “(b) NO EFFECT ON TITLE VIII ELIGIBILITY OR  
5 BENEFIT AMOUNT.Ð In any case in which the Commis-  
6 sioner of Social Security takes action in accordance with  
7 subsection (a)(1)(B) to recover an amount incorrectly paid  
8 to an individual, that individual shall not, as a result of  
9 such actionÐ

10           “(1) become qualified for benefits under this  
11           title; or

12           “(2) if such individual is otherwise so qualified,  
13           become qualified for increased benefits under this  
14           title.

15           “(c) WAIVER OF RECOVERY OF OVERPAYMENT.Ð In  
16 any case in which more than the correct amount of pay-  
17 ment has been made, there shall be no adjustment of pay-  
18 ments to, or recovery by the United States from, any per-  
19 son who is without fault if the Commissioner of Social Se-  
20 curity determines that the adjustment or recovery would  
21 defeat the purpose of this title or would be against equity  
22 and good conscience.

23           “(d) LIMITED IMMUNITY FOR DISBURSING OFFI-  
24 CERS.Ð A disbursing officer may not be held liable for any  
25 amount paid by the officer if the adjustment or recovery

1 of the amount is waived under subsection (b), or adjust-  
2 ment under subsection (a) is not completed before the  
3 death of the qualified individual against whose benefits de-  
4 ductions are authorized.

5       “(e) AUTHORIZED COLLECTION PRACTICES.Ð

6           “(1) IN GENERAL.Ð With respect to any delin-  
7 quent amount, the Commissioner of Social Security  
8 may use the collection practices described in sections  
9 3711(e), 3716, and 3718 of title 31, United States  
10 Code, as in effect on October 1, 1994.

11           “(2) DEFINITION.Ð For purposes of paragraph  
12 (1), the term ‘delinquent amount’ means an  
13 amountÐ

14           “(A) in excess of the correct amount of the  
15 payment under this title; and

16           “(B) determined by the Commissioner of  
17 Social Security to be otherwise unrecoverable  
18 under this section from a person who is not a  
19 qualified individual under this title.

20 **“SEC. 809. HEARINGS AND REVIEW.**

21       “(a) HEARINGS.Ð

22           “(1) IN GENERAL.Ð The Commissioner of So-  
23 cial Security shall make findings of fact and deci-  
24 sions as to the rights of any individual applying for  
25 payment under this title. The Commissioner of So-

1       cial Security shall provide reasonable notice and op-  
2       portunity for a hearing to any individual who is or  
3       claims to be a qualified individual and is in disagree-  
4       ment with any determination under this title with  
5       respect to entitlement to, or the amount of, benefits  
6       under this title, if the individual requests a hearing  
7       on the matter in disagreement within 60 days after  
8       notice of the determination is received, and, if a  
9       hearing is held, shall, on the basis of evidence ad-  
10      duced at the hearing affirm, modify, or reverse the  
11      Commissioner of Social Security's findings of fact  
12      and the decision. The Commissioner of Social Secu-  
13      rity may, on the Commissioner of Social Security's  
14      own motion, hold such hearings and conduct such  
15      investigations and other proceedings as the Commis-  
16      sioner of Social Security deems necessary or proper  
17      for the administration of this title. In the course of  
18      any hearing, investigation, or other proceeding, the  
19      Commissioner may administer oaths and affirma-  
20      tions, examine witnesses, and receive evidence. Evi-  
21      dence may be received at any hearing before the  
22      Commissioner of Social Security even though inad-  
23      missible under the rules of evidence applicable to  
24      court procedure. The Commissioner of Social Secu-  
25      rity shall specifically take into account any physical,

1        mental, educational, or linguistic limitation of the in-  
2        dividual (including any lack of facility with the  
3        English language) in determining, with respect to  
4        the entitlement of the individual for benefits under  
5        this title, whether the individual acted in good faith  
6        or was at fault, and in determining fraud, deception,  
7        or intent.

8            ``(2) EFFECT OF FAILURE TO TIMELY REQUEST  
9        REVIEW.Ð A failure to timely request review of an  
10       initial adverse determination with respect to an ap-  
11       plication for any payment under this title or an ad-  
12       verse determination on reconsideration of such an  
13       initial determination shall not serve as a basis for  
14       denial of a subsequent application for any payment  
15       under this title if the applicant demonstrates that  
16       the applicant failed to so request such a review act-  
17       ing in good faith reliance upon incorrect, incomplete,  
18       or misleading information, relating to the con-  
19       sequences of reapplying for payments in lieu of seek-  
20       ing review of an adverse determination, provided by  
21       any officer or employee of the Social Security Ad-  
22       ministration.

23            ``(3) NOTICE REQUIREMENTS.Ð In any notice of  
24       an adverse determination with respect to which a re-  
25       view may be requested under paragraph (1), the

1 Commissioner of Social Security shall describe in  
2 clear and specific language the effect on possible en-  
3 titlement to benefits under this title of choosing to  
4 reapply in lieu of requesting review of the deter-  
5 mination.

6 ``b) JUDICIAL REVIEW.Ð The final determination of  
7 the Commissioner of Social Security after a hearing under  
8 subsection (a)(1) shall be subject to judicial review as pro-  
9 vided in section 205(g) to the same extent as the Commis-  
10 sioner of Social Security's final determinations under sec-  
11 tion 205.

12 **“SEC. 810. OTHER ADMINISTRATIVE PROVISIONS.**

13 ``a) REGULATIONS AND ADMINISTRATIVE ARRANGE-  
14 MENTS.Ð The Commissioner of Social Security may pre-  
15 scribe such regulations, and make such administrative and  
16 other arrangements, as may be necessary or appropriate  
17 to carry out this title.

18 ``b) PAYMENT OF BENEFITS.Ð Benefits under this  
19 title shall be paid at such time or times and in such install-  
20 ments as the Commissioner of Social Security determines  
21 are in the interests of economy and efficiency.

22 ``c) ENTITLEMENT REDETERMINATIONS.Ð An indi-  
23 vidual's entitlement to benefits under this title, and the  
24 amount of the benefits, may be redetermined at such time

1 or times as the Commissioner of Social Security deter-  
2 mines to be appropriate.

3       “(d) SUSPENSION AND TERMINATION OF BENE-  
4 FITS.Ð Regulations prescribed by the Commissioner of So-  
5 cial Security under subsection (a) may provide for the sus-  
6 pension and termination of entitlement to benefits under  
7 this title as the Commissioner determines is appropriate.

8 **“SEC. 811. PENALTIES FOR FRAUD.**

9       “(a) IN GENERAL.Ð WhoeverÐ

10           “(1) knowingly and willfully makes or causes to  
11 be made any false statement or representation of a  
12 material fact in an application for benefits under  
13 this title;

14           “(2) at any time knowingly and willfully makes  
15 or causes to be made any false statement or rep-  
16 resentation of a material fact for use in determining  
17 any right to the benefits;

18           “(3) having knowledge of the occurrence of any  
19 event affectingÐ

20           “(A) his or her initial or continued right to  
21 the benefits; or

22           “(B) the initial or continued right to the  
23 benefits of any other individual in whose behalf  
24 he or she has applied for or is receiving the  
25 benefit,

1 conceals or fails to disclose the event with an intent  
2 fraudulently to secure the benefit either in a greater  
3 amount or quantity than is due or when no such  
4 benefit is authorized; or

5       “(4) having made application to receive any  
6 such benefit for the use and benefit of another and  
7 having received it, knowingly and willfully converts  
8 the benefit or any part thereof to a use other than  
9 for the use and benefit of the other individual,

10 shall be fined under title 18, United States Code, impris-  
11 oned not more than 5 years, or both.

12       “(b) RESTITUTION BY REPRESENTATIVE PAYEE.Ð If  
13 a person or organization violates subsection (a) in the per-  
14 son's or organization's role as, or in applying to become,  
15 a representative payee under section 807 on behalf of a  
16 qualified individual, and the violation includes a willful  
17 misuse of funds by the person or entity, the court may  
18 also require that full or partial restitution of funds be  
19 made to the qualified individual.

20 **“SEC. 812. DEFINITIONS.**

21       `In this title:

22       “(1) WORLD WAR II VETERAN.Ð The term

23       ‘World War II veteran’ means a person whoÐ

24       “(A) served during World War IID

1           “(i) in the active military, naval, or  
2           air service of the United States during  
3           World War II; or

4           “(ii) in the organized military forces  
5           of the Government of the Commonwealth  
6           of the Philippines, while the forces were in  
7           the service of the Armed Forces of the  
8           United States pursuant to the military  
9           order of the President dated July 26,  
10          1941, including among the military forces  
11          organized guerrilla forces under com-  
12          manders appointed, designated, or subse-  
13          quently recognized by the Commander in  
14          Chief, Southwest Pacific Area, or other  
15          competent authority in the Army of the  
16          United States, in any case in which the  
17          service was rendered before December 31,  
18          1946; and

19          “(B) was discharged or released therefrom  
20          under conditions other than dishonorable

21                 “(i) after service of 90 days or more;  
22                 or

23                 “(ii) because of a disability or injury  
24                 incurred or aggravated in the line of active  
25                 duty.

1           “(2) WORLD WAR II.Ð The term ‘World War II’  
2 means the period beginning on September 16, 1940,  
3 and ending on July 24, 1947.

4           “(3) SUPPLEMENTAL SECURITY INCOME BEN-  
5 EFIT UNDER TITLE XVI.Ð The term ‘supplemental  
6 security income benefit under title XVI’, except as  
7 otherwise provided, includes State supplementary  
8 payments which are paid by the Commissioner of  
9 Social Security pursuant to an agreement under sec-  
10 tion 1616(a) of this Act or section 212(b) of Public  
11 Law 93 ±66.

12           “(4) FEDERAL BENEFIT RATE UNDER TITLE  
13 XVI.Ð The term ‘Federal benefit rate under title  
14 XVI’ means, with respect to any month, the amount  
15 of the supplemental security income cash benefit  
16 (not including any State supplementary payment  
17 which is paid by the Commissioner of Social Security  
18 pursuant to an agreement under section 1616(a) of  
19 this Act or section 212(b) of Public Law 93 ±66)  
20 payable under title XVI for the month to an eligible  
21 individual with no income.

22           “(5) UNITED STATES.Ð The term ‘United  
23 States’ means, notwithstanding section 1101(a)(1),  
24 only the 50 States, the District of Columbia, and the  
25 Commonwealth of the Northern Mariana Islands.

1           “(6) BENEFIT INCOME.Ð The term ‘benefit in-  
2           come’ means any recurring payment received by a  
3           qualified individual as an annuity, pension, retire-  
4           ment, or disability benefit (including any veterans’  
5           compensation or pension, workmen’s compensation  
6           payment, old-age, survivors, or disability insurance  
7           benefit, railroad retirement annuity or pension, and  
8           unemployment insurance benefit), but only if a simi-  
9           lar payment was received by the individual from the  
10          same (or a related) source during the 12-month pe-  
11          riod preceding the month in which the individual  
12          files an application for benefits under this title.

13   **“SEC. 813. APPROPRIATIONS.**

14          “There are hereby appropriated for fiscal year 2000  
15          and subsequent fiscal years, out of any funds in the Treas-  
16          ury not otherwise appropriated, such sums as may be nec-  
17          essary to carry out this title.”.

18          (b) CONFORMING AMENDMENTS.Ð

19                  (1) SOCIAL SECURITY TRUST FUNDS LAE AC-  
20          COUNT.Ð Section 201(g) of such Act (42 U.S.C.  
21          401(g)) is amendedÐ

22                          (A) in the fourth sentence of paragraph  
23                          (1)(A), by inserting after “this title,” the fol-  
24                          lowing: “title VIII,”;

1 (B) in paragraph (1)(B)(i)(I), by inserting  
2 after "this title," the following: "title VIII,";  
3 and

4 (C) in paragraph (1)(C)(i), by inserting  
5 after "this title," the following: "title VIII,".

6 (2) REPRESENTATIVE PAYEE PROVISIONS OF  
7 TITLE II.D Section 205(j) of such Act (42 U.S.C.  
8 405(j)) is amendedD

9 (A) in paragraph (1)(A), by inserting "807  
10 or" before "1631(a)(2)";

11 (B) in paragraph (2)(B)(i)(I), by inserting  
12 ", title VIII," before "or title XVI";

13 (C) in paragraph (2)(B)(i)(III), by insert-  
14 ing ", 811," before "or 1632";

15 (D) in paragraph (2)(B)(i)(IV)D

16 (i) by inserting ", the designation of  
17 such person as a representative payee has  
18 been revoked pursuant to section 807(a),"  
19 before "or payment of benefits"; and

20 (ii) by inserting ", title VIII," before  
21 "or title XVI";

22 (E) in paragraph (2)(B)(ii)(I)D

23 (i) by inserting "whose designation as  
24 a representative payee has been revoked

1           pursuant to section 807(a)," before `or  
2           with respect to whom"; and

3           (ii) by inserting `, title VIII," before  
4           `or title XVI";

5           (F) in paragraph (2)(B)(ii)(II), by insert-  
6           ing `, 811," before `or 1632";

7           (G) in paragraph (2)(C)(i)(II), by inserting  
8           `, the designation of such person as a rep-  
9           resentative payee has been revoked pursuant to  
10           section 807(a)," before `or payment of bene-  
11           fits";

12           (H) in each of clauses (i) and (ii) of para-  
13           graph (3)(E), by inserting `, section 807," be-  
14           fore `or section 1631(a)(2)";

15           (I) in paragraph (3)(F), by inserting `807  
16           or" before `1631(a)(2)"; and

17           (J) in paragraph (4)(B)(i), by inserting  
18           `807 or" before `1631(a)(2)".

19           (3) WITHHOLDING FOR CHILD SUPPORT AND  
20           ALIMONY OBLIGATIONS.Ð Section 459(h)(1)(A) of  
21           such Act (42 U.S.C. 659(h)(1)(A)) is amendedÐ

22           (A) at the end of clause (iii), by striking  
23           `and";

24           (B) at the end of clause (iv), by striking  
25           `but" and inserting `and"; and

1 (C) by adding at the end a new clause as  
2 follows:

3 (v) special benefits for certain World  
4 War II veterans payable under title VIII;  
5 but".

6 (4) SOCIAL SECURITY ADVISORY BOARD.Ð Sec-  
7 tion 703(b) of such Act (42 U.S.C. 903(b)) is  
8 amended by striking "title II" and inserting "title  
9 II, the program of special benefits for certain World  
10 War II veterans under title VIII,".

11 (5) DELIVERY OF CHECKS.Ð Section 708 of  
12 such Act (42 U.S.C. 908) is amendedÐ

13 (A) in subsection (a), by striking "title II"  
14 and inserting "title II, title VIII,"; and

15 (B) in subsection (b), by striking "title II"  
16 and inserting "title II, title VIII,".

17 (6) CIVIL MONETARY PENALTIES.Ð Section  
18 1129 of such Act (42 U.S.C. 1320a±8) is  
19 amendedÐ

20 (A) in the title, by striking "II" and in-  
21 serting "II, VIII";

22 (B) in subsection (a)(1)Ð

23 (i) by striking "or" at the end of sub-  
24 paragraph (A);

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

3 (iii) by inserting after subparagraph  
4 (A) the following new subparagraph:

5 "(B) benefits or payments under title VIII,  
6 or";

7 (C) in subsection (a)(2), by inserting "or  
8 title VIII," after "title II";

9 (D) in subsection (e)(1)(C)Ⓓ

10 (i) by striking "or" at the end of  
11 clause (i);

12 (ii) by redesignating clause (ii) as  
13 clause (iii); and

14 (iii) by inserting after clause (i) the  
15 following new clause:

16 "(ii) by decrease of any payment  
17 under title VIII to which the person is en-  
18 titled, or";

19 (E) in subsection (e)(2)(B), by striking  
20 "title XVI" and inserting "title VIII or XVI";

21 and

22 (F) in subsection (l), by striking "title  
23 XVI" and inserting "title VIII or XVI".

1           (7) RECOVERY OF SSI OVERPAYMENTS.Ð Sec-  
2       tion 1147 of such Act (42 U.S.C. 1320b±17) is  
3       amendedÐ

4           (A) in subsection (a)(1)Ð

5               (i) by inserting `or VIII' after `title  
6       II' the first place it appears; and

7               (ii) by striking `title II' the second  
8       place it appears and inserting `such title';  
9       and

10          (B) in the heading, by striking `SOCIAL  
11       SECURITY' and inserting `OTHER'.

12          (8) RECOVERY OF SOCIAL SECURITY OVERPAY-  
13       MENTS.Ð Part A of title XI of the Social Security  
14       Act is amended by inserting after section 1147 (42  
15       U.S.C. 1320b±17) the following new section:

16       `RECOVERY OF SOCIAL SECURITY BENEFIT  
17       OVERPAYMENTS FROM TITLE VIII BENEFITS

18       `SEC. 1147A. Whenever the Commissioner of Social  
19       Security determines that more than the correct amount  
20       of any payment has been made under title II to an indi-  
21       vidual who is not currently receiving benefits under that  
22       title but who is receiving benefits under title VIII, the  
23       Commissioner may recover the amount incorrectly paid  
24       under title II by decreasing any amount which is payable  
25       to the individual under title VIII.'.

1           (9) REPRESENTATIVE PAYEE PROVISIONS OF  
2           TITLE XVI.Ð Section 1631(a)(2) of such Act (42  
3           U.S.C. 1383(a)(2)) is amendedÐ

4           (A) in subparagraph (A)(iii), by inserting  
5           `or 807" after `205(j)(1)";

6           (B) in subparagraph (B)(ii)(I), by insert-  
7           ing `, title VIII," before `or this title";

8           (C) in subparagraph (B)(ii)(III), by insert-  
9           ing `, 811," before `or 1632";

10          (D) in subparagraph (B)(ii)(IV)Ð

11           (i) by inserting `whether the designa-  
12           tion of such person as a representative  
13           payee has been revoked pursuant to section  
14           807(a)," before `and whether certifi-  
15           cation"; and

16           (ii) by inserting `, title VIII," before  
17           `or this title";

18          (E) in subparagraph (B)(iii)(II), by insert-  
19           ing `the designation of such person as a rep-  
20           resentative payee has been revoked pursuant to  
21           section 807(a)," before `or certification"; and

22          (F) in subparagraph (D)(ii)(II)(aa), by in-  
23           serting `or 807" after `205(j)(4)".

1           (10) ADMINISTRATIVE OFFSET.Ð Section  
2       3716(c)(3)(C) of title 31, United States Code, is  
3       amendedÐ

4           (A) by striking "sections 205(b)(1)" and  
5       inserting "sections 205(b)(1), 809(a)(1)," and

6           (B) by striking "either title II" and insert-  
7       ing "title II, VIII,".

### 8           **Subtitle C—Study**

#### 9       **SEC. 261. STUDY OF DENIAL OF SSI BENEFITS FOR FAMILY** 10           **FARMERS.**

11       (a) IN GENERAL.Ð The Commissioner of Social Secu-  
12       rity shall conduct a study of the reasons why family farm-  
13       ers with resources of less than \$100,000 are denied sup-  
14       plemental security income benefits under title XVI of the  
15       Social Security Act, including whether the deeming proc-  
16       ess unduly burdens and discriminates against family farm-  
17       ers who do not institutionalize a disabled dependent, and  
18       shall determine the number of such farmers who have been  
19       denied such benefits during each of the preceding 10  
20       years.

21       (b) REPORT TO THE CONGRESS.Ð Within 1 year after  
22       the date of the enactment of this Act, the Commissioner  
23       of Social Security shall prepare and submit to the Com-  
24       mittee on Ways and Means of the House of Representa-  
25       tives and the Committee on Finance of the Senate a report

1 that contains the results of the study, and the determina-  
2 tion, required by subsection (a).

### 3 **TITLE III—CHILD SUPPORT**

#### 4 **SEC. 301. NARROWING OF HOLD-HARMLESS PROVISION** 5 **FOR STATE SHARE OF DISTRIBUTION OF COL-** 6 **LECTED CHILD SUPPORT.**

7 (a) IN GENERAL. Section 457(d) of the Social Secu-  
8 rity Act (42 U.S.C. 657(d)) is amended to read as follows:

9 "(d) HOLD HARMLESS PROVISION. If

10 "(1) the State share of amounts collected in the  
11 fiscal year which could be retained to reimburse the  
12 State for amounts paid to families as assistance by  
13 the State is less than the State share of such  
14 amounts collected in fiscal year 1995 (determined in  
15 accordance with section 457 as in effect on August  
16 21, 1996); and

17 "(2)(A) the State has distributed to families  
18 that include an adult receiving assistance under the  
19 program under part A at least 80 percent of the cur-  
20 rent support payments collected during the pre-  
21 ceding fiscal year on behalf of such families, and the  
22 amounts distributed were disregarded in determining  
23 the amount or type of assistance provided under the  
24 program under part A; or

1           “(B) the State has distributed to families that  
2           formerly received assistance under the program  
3           under part A the State share of the amounts col-  
4           lected pursuant to section 464 that could have been  
5           retained as reimbursement for assistance paid to  
6           such families,  
7           then the State share otherwise determined for the fiscal  
8           year shall be increased by an amount equal to  $\frac{1}{2}$  of the  
9           amount (if any) by which the State share for fiscal year  
10          1995 exceeds the State share for the fiscal year (deter-  
11          mined without regard to this subsection).”.

12          (b) EFFECTIVE DATE. The amendment made by  
13          subsection (a) shall be effective with respect to calendar  
14          quarters occurring during the period that begins on Octo-  
15          ber 1, 1998, and ends on September 30, 2001.

16          (c) REPEAL. Effective October 1, 2001, section 457  
17          of the Social Security Act (42 U.S.C. 657) is amended

18                 (1) in subsection (a), by striking “subsections  
19                 (e) and (f)” and inserting “subsections (d) and (e)”;

20                 (2) by striking subsection (d);

21                 (3) in subsection (e), by striking the second  
22                 sentence; and

23                 (4) by redesignating subsections (e) and (f) as  
24                 subsections (d) and (e), respectively.

1                   **TITLE IV—TECHNICAL**  
2                   **CORRECTIONS**

3   **SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMEND-**  
4                   **MENTS MADE BY THE PERSONAL RESPONSIB-**  
5                   **ILITY AND WORK OPPORTUNITY REC-**  
6                   **ONCILIATION ACT OF 1996.**

7           (a) Section 402(a)(1)(B)(iv) of the Social Security  
8 Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking  
9 "Act" and inserting "section".

10          (b) Section 409(a)(7)(B)(i)(II) of the Social Security  
11 Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by strik-  
12 ing "part" and inserting "section".

13          (c) Section 413(g)(1) of the Social Security Act (42  
14 U.S.C. 613(g)(1)) is amended by striking "Act" and in-  
15 serting "section".

16          (d) Section 416 of the Social Security Act (42 U.S.C.  
17 616) is amended by striking "Opportunity Act" and in-  
18 serting "Opportunity Reconciliation Act" each place such  
19 term appears.

20          (e) Section 431(a)(6) of the Social Security Act (42  
21 U.S.C. 629a(a)(6)) is amended

22               (1) by inserting ", as in effect before August  
23               22, 1986" after "482(i)(5)"; and

24               (2) by inserting ", as so in effect" after  
25               "482(i)(7)(A)".

1 (f) Sections 452(a)(7) and 466(c)(2)(A)(i) of the So-  
2 cial Security Act (42 U.S.C. 652(a)(7) and  
3 666(c)(2)(A)(i)) are each amended by striking "Social Se-  
4 curity" and inserting "social security".

5 (g) Section 454 of the Social Security Act (42 U.S.C.  
6 654) is amended

7 (1) by striking "; or" at the end of each of  
8 paragraphs (6)(E)(i) and (19)(B)(i) and inserting "  
9 or";

10 (2) in paragraph (9), by striking the comma at  
11 the end of each of subparagraphs (A), (B), and (C)  
12 and inserting a semicolon; and

13 (3) by striking "; and" at the end of each of  
14 paragraphs (19)(A) and (24)(A) and inserting "  
15 and".

16 (h) Section 454(24)(B) of the Social Security Act (42  
17 U.S.C. 654(24)(B)) is amended by striking "Opportunity  
18 Act" and inserting "Opportunity Reconciliation Act".

19 (i) Section 344(b)(1)(A) of the Personal Responsi-  
20 bility and Work Opportunity Reconciliation Act of 1996  
21 (Public Law 104-193; 110 Stat. 2236) is amended to read  
22 as follows:

23 (A) in paragraph (1), by striking sub-  
24 paragraph (B) and inserting the following:

1           (B) equal to the percent specified in para-  
2           graph (3) of the sums expended during such  
3           quarter that are attributable to the planning,  
4           design, development, installation or enhance-  
5           ment of an automatic data processing and in-  
6           formation retrieval system (including in such  
7           sums the full cost of the hardware components  
8           of such system); and'; and''.

9           (j) Section 457(a)(2)(B)(i)(I) of the Social Security  
10          Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking  
11          "Act Reconciliation" and inserting "Reconciliation Act".

12          (k) Section 457 of the Social Security Act (42 U.S.C.  
13          657) is amended by striking "Opportunity Act" each place  
14          it appears and inserting "Opportunity Reconciliation  
15          Act".

16          (l) Effective on the date of the enactment of this Act,  
17          section 404(e) of the Social Security Act (42 U.S.C.  
18          604(e)) is amended by inserting "or tribe" after "State"  
19          the first and second places it appears, and by inserting  
20          "or tribal" after "State" the third place it appears.

21          (m) Section 466(a)(7)(A) of the Social Security Act  
22          (42 U.S.C. 666(a)(7)(A)) is amended by striking  
23          "1681a(f)" and inserting "1681a(f))".

1 (n) Section 466(b)(6)(A) of the Social Security Act  
2 (42 U.S.C. 666(b)(6)(A)) is amended by striking "state"  
3 and inserting "State".

4 (o) Section 471(a)(8) of the Social Security Act (42  
5 U.S.C. 671(a)(8)) is amended by striking "(including ac-  
6 tivities under part F)".

7 (p) Section 1137(a)(3) of the Social Security Act (42  
8 U.S.C. 1320b-7(a)(3)) is amended by striking  
9 "453A(a)(2)(B)(iii)" and inserting  
10 "453A(a)(2)(B)(ii)".

11 (q) Except as provided in subsection (l), the amend-  
12 ments made by this section shall take effect as if included  
13 in the enactment of the Personal Responsibility and Work  
14 Opportunity Reconciliation Act of 1996 (Public Law 104±  
15 193; 110 Stat. 2105).

Passed the House of Representatives November 18,  
1999.

Attest:

*Clerk.*

106TH CONGRESS  
1ST SESSION

**H. R. 3443**

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**AN ACT**

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.



(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM**

**Subtitle A—Improved Independent Living Program**

Sec. 101. Improved independent living program.

**Subtitle B—Related Foster Care Provision**

Sec. 111. Increase in amount of assets allowable for children in foster care.

Sec. 112. Preparation of foster parents to provide for the needs of children in State care.

**Subtitle C—Medicaid Amendments**

Sec. 121. State option of Medicaid coverage for adolescents leaving foster care.

**Subtitle D—Adoption Incentive Payments**

Sec. 131. Increased funding for adoption incentive payments.

**TITLE II—SSI FRAUD PREVENTION**

**Subtitle A—Fraud Prevention and Related Provisions**

Sec. 201. Liability of representative payees for overpayments to deceased recipients.

Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.

Sec. 203. Additional debt collection practices.

Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.

Sec. 205. Treatment of assets held in trust under the SSI program.

Sec. 206. Disposal of resources for less than fair market value under the SSI program.

Sec. 207. Administrative procedure for imposing penalties for false or misleading statements.

Sec. 208. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.

Sec. 209. State data exchanges.

Sec. 210. Study on possible measures to improve fraud prevention and administrative processing.

Sec. 211. Annual report on amounts necessary to combat fraud.

Sec. 212. Computer matches with Medicare and Medicaid institutionalization data.

Sec. 213. Access to information held by financial institutions.

**Subtitle B—Benefits For Certain World War II Veterans**

Sec. 251. Establishment of program of special benefits for certain World War II veterans.

**Subtitle C—Study**

Sec. 261. Study of denial of SSI benefits for family farmers.

**TITLE III—CHILD SUPPORT**

Sec. 301. Narrowing of hold harmless provision for State share of distribution of collected child support.

**TITLE IV—TECHNICAL CORRECTIONS**

Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

**TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM**

**Subtitle A—Improved Independent Living Program**

**SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.**

(a) FINDINGS.—The Congress finds the following:

(1) States are required to make reasonable efforts to find adoptive families for all children, including older children, for whom reunification with their biological family is not in the best interests of the child. However, some older children will continue to live in foster care. These children should be enrolled in an Independent Living program designed and conducted by State and local government to help prepare them for employment, postsecondary education, and successful management of adult responsibilities.

(2) Older children who continue to be in foster care as adolescents may become eligible for Independent Living programs. These Independent Living programs are not an alternative to adoption for these children. Enrollment in Independent Living programs can occur concurrent with continued efforts to locate and achieve placement in adoptive families for older children in foster care.

(3) About 20,000 adolescents leave the Nation's foster care system each year because they have reached 18 years of age and are expected to support themselves.

(4) Congress has received extensive information that adolescents leaving foster care have significant difficulty making a successful transition to adulthood; this information shows that children aging out of foster care show high rates of homelessness, non-marital childbearing, poverty, and delinquent or criminal behavior; they are also frequently the target of crime and physical assaults.

(5) The Nation's State and local governments, with financial support from the Federal Government, should offer an extensive program of education, training, employment, and financial support for young adults leaving foster care, with participation in such program beginning several years before high school graduation and continuing, as needed, until the young adults emancipated from foster care establish independence or reach 21 years of age.

(b) IMPROVED INDEPENDENT LIVING PROGRAM.—Section 477 of the Social Security Act (42 U.S.C. 677) is amended to read as follows:

**"SEC. 477. JOHN H. CHAFEE FOSTER CARE INDEPENDENCE PROGRAM.**

"(a) PURPOSE.—The purpose of this section is to provide States with flexible funding that will enable programs to be designed and conducted—

"(1) to identify children who are likely to remain in foster care until 18 years of age and to help these children make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);

"(2) to help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;

"(3) to help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;

"(4) to provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults; and

**FOSTER CARE INDEPENDENCE ACT OF 1999**

**COLLINS (AND OTHERS)  
AMENDMENT NO. 2797**

Ms. COLLINS (for herself, Mr. ROTH, Mr. L. CHAFEE, and Mr. REED) proposed an amendment to the bill (H.R. 1802) to amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the "Foster Care Independence Act of 1999".

"(5) to provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

"(b) APPLICATIONS.—

"(1) IN GENERAL.—A State may apply for funds from its allotment under subsection (c) for a period of five consecutive fiscal years by submitting to the Secretary, in writing, a plan that meets the requirements of paragraph (2) and the certifications required by paragraph (3) with respect to the plan.

"(2) STATE PLAN.—A plan meets the requirements of this paragraph if the plan specifies which State agency or agencies will administer, supervise, or oversee the programs carried out under the plan, and describes how the State intends to do the following:

"(A) Design and deliver programs to achieve the purposes of this section.

"(B) Ensure that all political subdivisions in the State are served by the program, though not necessarily in a uniform manner.

"(C) Ensure that the programs serve children of various ages and at various stages of achieving independence.

"(D) Involve the public and private sectors in helping adolescents in foster care achieve independence.

"(E) Use objective criteria for determining eligibility for benefits and services under the programs, and for ensuring fair and equitable treatment of benefit recipients.

"(F) Cooperate in national evaluations of the effects of the programs in achieving the purposes of this section.

"(3) CERTIFICATIONS.—The certifications required by this paragraph with respect to a plan are the following:

"(A) A certification by the chief executive officer of the State that the State will provide assistance and services to children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

"(B) A certification by the chief executive officer of the State that not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

"(C) A certification by the chief executive officer of the State that none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.

"(D) A certification by the chief executive officer of the State that the State will use training funds provided under the program of Federal payments for foster care and adoption assistance to provide training to help foster parents, adoptive parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.

"(E) A certification by the chief executive officer of the State that the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.

"(F) A certification by the chief executive officer of the State that the State will make every effort to coordinate the State pro-

grams receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.

"(G) A certification by the chief executive officer of the State that each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.

"(H) A certification by the chief executive officer of the State that the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.

"(I) A certification by the chief executive officer of the State that the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

"(4) APPROVAL.—The Secretary shall approve an application submitted by a State pursuant to paragraph (1) for a period if—

"(A) the application is submitted on or before June 30 of the calendar year in which such period begins; and

"(B) the Secretary finds that the application contains the material required by paragraph (1).

"(5) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS; NOTIFICATION.—A State with an application approved under paragraph (4) may implement any amendment to the plan contained in the application if the application, incorporating the amendment, would be approvable under paragraph (4). Within 30 days after a State implements any such amendment, the State shall notify the Secretary of the amendment.

"(6) AVAILABILITY.—The State shall make available to the public any application submitted by the State pursuant to paragraph (1), and a brief summary of the plan contained in the application.

"(c) ALLOTMENTS TO STATES.—

"(1) IN GENERAL.—From the amount specified in subsection (h) that remains after applying subsection (g)(2) for a fiscal year, the Secretary shall allot to each State with an application approved under subsection (b) for the fiscal year the amount which bears the same ratio to such remaining amount as the number of children in foster care under a program of the State in the most recent fiscal year for which such information is available bears to the total number of children in foster care in all States for such most recent fiscal year, as adjusted in accordance with paragraph (2).

"(2) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—The Secretary shall allot to each State whose allotment for a fiscal year under paragraph (1) is less than the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998, an additional amount equal to the difference between such allotment and such greater amount.

"(B) RATABLE REDUCTION OF CERTAIN ALLOTMENTS.—In the case of a State not described in subparagraph (A) of this paragraph for a fiscal year, the Secretary shall reduce

the amount allotted to the State for the fiscal year under paragraph (1) by the amount that bears the same ratio to the sum of the differences determined under subparagraph (A) of this paragraph for the fiscal year as the excess of the amount so allotted over the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998 bears to the sum of such excess amounts determined for all such States.

"(d) USE OF FUNDS.—

"(1) IN GENERAL.—A State to which an amount is paid from its allotment under subsection (c) may use the amount in any manner that is reasonably calculated to accomplish the purposes of this section.

"(2) NO SUPPLANTATION OF OTHER FUNDS AVAILABLE FOR SAME GENERAL PURPOSES.—The amounts paid to a State from its allotment under subsection (c) shall be used to supplement and not supplant any other funds which are available for the same general purposes in the State.

"(3) TWO-YEAR AVAILABILITY OF FUNDS.—Payments made to a State under this section for a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year.

"(e) PENALTIES.—

"(1) USE OF GRANT IN VIOLATION OF THIS PART.—If the Secretary is made aware, by an audit conducted under chapter 75 of title 31, United States Code, or by any other means, that a program receiving funds from an allotment made to a State under subsection (c) has been operated in a manner that is inconsistent with, or not disclosed in the State application approved under subsection (b), the Secretary shall assess a penalty against the State in an amount equal to not less than 1 percent and not more than 5 percent of the amount of the allotment.

"(2) FAILURE TO COMPLY WITH DATA REPORTING REQUIREMENT.—The Secretary shall assess a penalty against a State that fails during a fiscal year to comply with an information collection plan implemented under subsection (f) in an amount equal to not less than 1 percent and not more than 5 percent of the amount allotted to the State for the fiscal year.

"(3) PENALTIES BASED ON DEGREE OF NON-COMPLIANCE.—The Secretary shall assess penalties under this subsection based on the degree of noncompliance.

"(f) DATA COLLECTION AND PERFORMANCE MEASUREMENT.—

"(1) IN GENERAL.—The Secretary, in consultation with State and local public officials responsible for administering independent living and other child welfare programs, child welfare advocates, members of Congress, youth service providers, and researchers, shall—

"(A) develop outcome measures (including measures of educational attainment, high school diploma, employment, avoidance of dependency, homelessness, nonmarital childbirth, incarceration, and high-risk behaviors) that can be used to assess the performance of States in operating independent living programs;

"(B) identify data elements needed to track—

"(i) the number and characteristics of children receiving services under this section;

"(ii) the type and quantity of services being provided; and

"(iii) State performance on the outcome measures; and

"(C) develop and implement a plan to collect the needed information beginning with the second fiscal year beginning after the date of the enactment of this section.

"(2) REPORT TO THE CONGRESS.—Within 12 months after the date of the enactment of this section, the Secretary shall submit to the Committee on Ways and Means of the

House of Representatives and the Committee on Finance of the Senate a report detailing the plans and timetable for collecting from the States the information described in paragraph (1) and a proposal to impose penalties consistent with paragraph (e)(2) on States that do not report data.

**"(g) EVALUATIONS.—**

**"(1) IN GENERAL.—**The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of any such program shall include information on the effects of the program on education, employment, and personal development. To the maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.

**"(2) FUNDING OF EVALUATIONS.—**The Secretary shall reserve 1.5 percent of the amount specified in subsection (h) for a fiscal year to carry out, during the fiscal year, evaluation, technical assistance, performance measurement, and data collection activities related to this section, directly or through grants, contracts, or cooperative agreements with appropriate entities.

**"(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—**To carry out this section and for payments to States under section 474(a)(4), there are authorized to be appropriated to the Secretary \$140,000,000 for each fiscal year."

**(c) PAYMENTS TO STATES.—**Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

**"(4) the lesser of—**

**"(A) 80 percent of the amount (if any) by which—**

**"(i) the total amount expended by the State during the fiscal year in which the quarter occurs to carry out programs in accordance with the State application approved under section 477(b) for the period in which the quarter occurs (including any amendment that meets the requirements of section 477(b)(5)); exceeds**

**"(ii) the total amount of any penalties assessed against the State under section 477(e) during the fiscal year in which the quarter occurs; or**

**"(B) the amount allotted to the State under section 477 for the fiscal year in which the quarter occurs, reduced by the total of the amounts payable to the State under this paragraph for all prior quarters in the fiscal year."**

**(d) REGULATIONS.—**Not later than 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue such regulations as may be necessary to carry out the amendments made by this section.

**(e) SENSE OF THE CONGRESS.—**It is the sense of the Congress that States should provide medical assistance under the State plan approved under title XIX of the Social Security Act to 18-, 19-, and 20-year-olds who have been emancipated from foster care.

**Subtitle B—Related Foster Care Provision**

**SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.**

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: "In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not

more than \$10,000 shall be considered to be a child whose resources have a combined value of not more than \$1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B))."

**SEC. 112. PREPARATION OF FOSTER PARENTS TO PROVIDE FOR THE NEEDS OF CHILDREN IN STATE CARE.**

**(a) STATE PLAN REQUIREMENT.—**Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

**(1) by striking "and" at the end of paragraph (22);**

**(2) by striking the period at the end of paragraph (23) and inserting "; and"; and**

**(3) by adding at the end the following:**  
**"(24) include a certification that, before a child in foster care under the responsibility of the State is placed with prospective foster parents, the prospective foster parents will be prepared adequately with the appropriate knowledge and skills to provide for the needs of the child, and that such preparation will be continued, as necessary, after the placement of the child."**

**(b) EFFECTIVE DATE.—**The amendments made by subsection (a) shall take effect on October 1, 1999.

**Subtitle C—Medicaid Amendments**

**SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR ADOLESCENTS LEAVING FOSTER CARE.**

**(a) IN GENERAL.—**Subject to subsection (c), title XIX of the Social Security Act is amended—

**(1) in section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii))—**

**(A) by striking "or" at the end of subclause (XIII);**

**(B) by adding "or" at the end of subclause (XIV); and**

**(C) by adding at the end the following new subclause:**

**"(XV) who are independent foster care adolescents (as defined in section 1905(v)(1)), or who are within any reasonable categories of such adolescents specified by the State;"; and**

**(2) by adding at the end of section 1905 (42 U.S.C. 1396d) the following new subsection:**

**"(v)(1) For purposes of this title, the term 'independent foster care adolescent' means an individual—**

**"(A) who is under 21 years of age;**

**"(B) who, on the individual's 18th birthday, was in foster care under the responsibility of a State; and**

**"(C) whose assets, resources, and income do not exceed such levels (if any) as the State may establish consistent with paragraph (2).**

**"(2) The levels established by a State under paragraph (1)(C) may not be less than the corresponding levels applied by the State under section 1931(b).**

**"(3) A State may limit the eligibility of independent foster care adolescents under section 1902(a)(10)(A)(ii)(XV) to those individuals with respect to whom foster care maintenance payments or independent living services were furnished under a program funded under part E of title IV before the date the individuals attained 18 years of age."**

**(b) EFFECTIVE DATE.—**The amendments made by subsection (a) apply to medical assistance for items and services furnished on or after October 1, 1999.

**(c) CONTINGENCY IN ENACTMENT.—**If the Ticket to Work and Work Incentives Improvement Act of 1999 is enacted (whether before, on, or after the date of the enactment of this Act)—

**(1) the amendments made by that Act shall be executed as if this Act had been enacted after the enactment of such other Act;**

**(2) with respect to subsection (a)(1)(A) of this section, any reference to subclause**

**(XIII) is deemed a reference to subclause (XV);**

**(3) with respect to subsection (a)(1)(B) of this section, any reference to subclause (XIV) is deemed a reference to subclause (XVI);**

**(4) the subclause (XV) added by subsection (a)(1)(C) of this section—**

**(A) is redesignated as subclause (XVII); and**  
**(B) is amended by striking "section 1905(v)(1)" and inserting "section 1905(w)(1)"; and**

**(5) the subsection (v) added by subsection (a)(2) of this section—**

**(A) is redesignated as subsection (w); and**  
**(B) is amended by striking "1902(a)(10)(A)(ii)(XV)" and inserting "1902(a)(10)(A)(ii)(XVII)".**

**Subtitle D—Adoption Incentive Payments**  
**SEC. 131. INCREASED FUNDING FOR ADOPTION INCENTIVE PAYMENTS.**

**(a) SUPPLEMENTAL GRANTS.—**Section 473A of the Social Security Act (42 U.S.C. 673b) is amended by adding at the end the following:

**"(j) SUPPLEMENTAL GRANTS.—**

**"(1) IN GENERAL.—**Subject to the availability of such amounts as may be provided in advance in appropriations Acts, in addition to any amount otherwise payable under this section to any State that is an incentive-eligible State for fiscal year 1998, the Secretary shall make a grant to the State in an amount equal to the lesser of—

**"(A) the amount by which—**

**"(i) the amount that would have been payable to the State under this section during fiscal year 1999 (on the basis of adoptions in fiscal year 1998) in the absence of subsection (d)(2) if sufficient funds had been available for the payment; exceeds**

**"(ii) the amount that, before the enactment of this subsection, was payable to the State under this section during fiscal year 1999 (on such basis); or**

**"(B) the amount that bears the same ratio to the dollar amount specified in paragraph (2) as the amount described by subparagraph (A) for the State bears to the aggregate of the amounts described by subparagraph (A) for all States that are incentive-eligible States for fiscal year 1998.**

**"(2) FUNDING.—**\$23,000,000 of the amounts appropriated under subsection (h)(1) for fiscal year 2000 may be used for grants under paragraph (1) of this subsection."

**(b) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—**Section 473A(h)(1) of the Social Security Act (42 U.S.C. 673b(h)(1)) is amended to read as follows:

**"(1) IN GENERAL.—**For grants under subsection (a), there are authorized to be appropriated to the Secretary—

**"(A) \$20,000,000 for fiscal year 1999;**

**"(B) \$43,000,000 for fiscal year 2000; and**

**"(C) \$20,000,000 for each of fiscal years 2001 through 2003."**

**TITLE II—SSI FRAUD PREVENTION**  
**Subtitle A—Fraud Prevention and Related Provisions**

**SEC. 201. LIABILITY OF REPRESENTATIVE PAYEE FOR OVERPAYMENTS TO DECEASED RECIPIENTS.**

**(a) AMENDMENT TO TITLE II.—**Section 204(a)(2) of the Social Security Act (42 U.S.C. 404(a)(2)) is amended by adding at the end the following new sentence: "If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual's death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee."

**(b) AMENDMENT TO TITLE XVI.—**Section 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is

amended by adding at the end the following new sentence: "If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual's death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to overpayments made 12 months or more after the date of the enactment of this Act.

**SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS FROM LUMP SUM SSI BENEFIT PAYMENTS.**

(a) **IN GENERAL.**—Section 1631(b)(1)(B)(ii) of the Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is amended—

(1) by inserting "monthly" before "benefit payments"; and

(2) by inserting "and in the case of an individual or eligible spouse to whom a lump sum is payable under this title (including under section 1616(a) of this Act or under an agreement entered into under section 212(a) of Public Law 93-66) shall, as at least one means of recovering such overpayment, make the adjustment or recovery from the lump sum payment in an amount equal to not less than the lesser of the amount of the overpayment or 50 percent of the lump sum payment," before "unless fraud".

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect 12 months after the date of the enactment of this Act and shall apply to amounts incorrectly paid which remain outstanding on or after such date.

**SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.**

(a) **IN GENERAL.**—Section 1631(b) of the Social Security Act (42 U.S.C. 1383(b)) is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following:

"(4)(A) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, all as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

"(B) For purposes of subparagraph (A), the term 'delinquent amount' means an amount—

"(i) in excess of the correct amount of payment under this title;

"(ii) paid to a person after such person has attained 18 years of age; and

"(iii) determined by the Commissioner of Social Security, under regulations, to be otherwise unrecoverable under this section after such person ceases to be a beneficiary under this title."

(b) **CONFORMING AMENDMENTS.**—Section 3701(d)(2) of title 31, United States Code, is amended by striking "section 204(f)" and inserting "sections 204(f) and 1631(b)(4)".

(c) **TECHNICAL AMENDMENTS.**—Section 204(f) of the Social Security Act (42 U.S.C. 404(f)) is amended—

(1) by striking "3711(e)" and inserting "3711(f)"; and

(2) by inserting "all" before "as in effect".

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to debt outstanding on or after the date of the enactment of this Act.

**SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER INFORMATION TO FEDERAL AND FEDERALLY ASSISTED BENEFIT PROGRAMS.**

Section 1611(e)(1)(I)(ii)(II) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is

amended by striking "is authorized to" and inserting "shall".

**SEC. 205. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM.**

(a) **TREATMENT AS RESOURCE.**—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

**"Trusts**

"(e)(1) In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual.

"(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual's spouse) are transferred to the trust other than by will.

"(B) In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual's spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual's spouse).

"(C) This subsection shall apply to a trust without regard to—

"(i) the purposes for which the trust is established;

"(ii) whether the trustees have or exercise any discretion under the trust;

"(iii) any restrictions on when or whether distributions may be made from the trust; or

"(iv) any restrictions on the use of distributions from the trust.

"(3)(A) In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.

"(B) In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual or the individual's spouse, the portion of the corpus from which payment to or for the benefit of the individual or the individual's spouse could be made shall be considered a resource available to the individual.

"(4) The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commissioner determines that such application would work an undue hardship (as determined on the basis of criteria established by the Commissioner) on the individual.

"(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

"(6) For purposes of this subsection—

"(A) the term 'trust' includes any legal instrument or device that is similar to a trust;

"(B) the term 'corpus' means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

"(C) the term 'asset' includes any income or resource of the individual or of the individual's spouse, including—

"(i) any income excluded by section 1612(b);

"(ii) any resource otherwise excluded by this section; and

"(iii) any other payment or property to which the individual or the individual's spouse is entitled but does not receive or have access to because of action by—

"(I) the individual or spouse;

"(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

"(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse."

(b) **TREATMENT AS INCOME.**—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and

(3) by adding at the end the following:

"(G) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual."

(c) **CONFORMING AMENDMENTS.**—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)) is amended—

(1) by striking "and" at the end of subparagraph (E);

(2) by adding "and" at the end of subparagraph (F); and

(3) by inserting after subparagraph (F) the following:

"(G) that, in applying eligibility criteria of the supplemental security income program under title XVI for purposes of determining eligibility for medical assistance under the State plan of an individual who is not receiving supplemental security income, the State will disregard the provisions of section 1613(e)."

(d) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on January 1, 2000, and shall apply to trusts established on or after such date.

**SEC. 206. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM.**

(a) **IN GENERAL.**—Section 1613(c) of the Social Security Act (42 U.S.C. 1382b(c)) is amended—

(1) in the caption, by striking "Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on";

(2) in paragraph (1)—

(A) in subparagraph (A)—

(i) by inserting "paragraph (1) and" after "provisions of";

(ii) by striking "title XIX" the first place it appears and inserting "this title and title XIX, respectively";

(iii) by striking "subparagraph (B)" and inserting "clause (ii)";

(iv) by striking "paragraph (2)" and inserting "subparagraph (B)";

(B) in subparagraph (B)—

(i) by striking "by the State agency"; and

(ii) by striking "section 1917(c)" and all that follows and inserting "paragraph (1) or section 1917(c)."; and

(C) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) in paragraph (2)—

(A) by striking "(2)" and inserting "(B)"; and

(B) by striking "paragraph (1)(B)" and inserting "subparagraph (A)(ii)";

(4) by striking "(C)(1)" and inserting "(2)(A)"; and

(5) by inserting before paragraph (2) (as so redesignated by paragraph (4) of this subsection) the following:

"(c)(1)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

"(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

"(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

"(iii) The date described in this clause is the first day of the first month in or after which resources were disposed of for less than fair market value and which does not occur in any other period of ineligibility under this paragraph.

"(iv) The number of months calculated under this clause shall be equal to—

"(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

"(II) the amount of the maximum monthly benefit payable under section 1611(b), plus the amount (if any) of the maximum State supplementary payment corresponding to the State's payment level applicable to the individual's living arrangement and eligibility category that would otherwise be payable to the individual by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66, for the month in which occurs the date described in clause (ii)(II), rounded, in the case of any fraction, to the nearest whole number, but shall not in any case exceed 36 months.

"(B)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

"(ii) In the case of a trust established by an individual or an individual's spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

"(I) there is made a payment other than to or for the benefit of the individual; or

"(II) no payment could under any circumstance be made to the individual, then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual's spouse as of the date of the payment or foreclosure, as the case may be.

"(C) An individual shall not be ineligible for benefits under this title by reason of the application of this paragraph to a disposal of resources by the individual or the spouse of the individual, to the extent that—

"(i) the resources are a home and title to the home was transferred to—

"(I) the spouse of the transferor;

"(II) a child of the transferor who has not attained 21 years of age, or is blind or disabled;

"(III) a sibling of the transferor who has an equity interest in such home and who was residing in the transferor's home for a period of at least 1 year immediately before the date the transferor becomes an institutionalized individual; or

"(IV) a son or daughter of the transferor (other than a child described in subclause (II)) who was residing in the transferor's home for a period of at least 2 years immediately before the date the transferor becomes an institutionalized individual, and who provided care to the transferor which permitted the transferor to reside at home rather than in such an institution or facility;

"(ii) the resources—

"(I) were transferred to the transferor's spouse or to another for the sole benefit of the transferor's spouse;

"(II) were transferred from the transferor's spouse to another for the sole benefit of the transferor's spouse;

"(III) were transferred to, or to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of, the transferor's child who is blind or disabled; or

"(IV) were transferred to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of an individual who has not attained 65 years of age and who is disabled;

"(iii) a satisfactory showing is made to the Commissioner of Social Security (in accordance with regulations promulgated by the Commissioner) that—

"(I) the individual who disposed of the resources intended to dispose of the resources either at fair market value, or for other valuable consideration;

"(II) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

"(III) all resources transferred for less than fair market value have been returned to the transferor; or

"(iv) the Commissioner determines, under procedures established by the Commissioner, that the denial of eligibility would work an undue hardship as determined on the basis of criteria established by the Commissioner.

"(D) For purposes of this subsection, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by the individual when any action is taken, either by the individual or by any other person, that reduces or eliminates the individual's ownership or control of such resource.

"(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual's spouse if the spouse becomes eligible for benefits under this title.

"(F) For purposes of this paragraph—

"(i) the term 'benefits under this title' includes payments of the type described in section 1616(a) of this Act and of the type described in section 212(b) of Public Law 93-66;

"(ii) the term 'institutionalized individual' has the meaning given such term in section 1917(e)(3); and

"(iii) the term 'trust' has the meaning given such term in subsection (e)(6)(A) of this section."

(b) CONFORMING AMENDMENT.—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)), as amended by section 205(c) of this Act, is amended by striking "section 1613(e)" and inserting "subsections (c) and (e) of section 1613".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to disposals made on or after the date of the enactment of this Act.

**SEC. 207. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129 the following:

**"SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

"(a) IN GENERAL.—Any person who makes, or causes to be made, a statement or rep-

resentation of a material fact for use in determining any initial or continuing right to or the amount of—

"(1) monthly insurance benefits under title II; or

"(2) benefits or payments under title XVI, that the person knows or should know is false or misleading or knows or should know omits a material fact or who makes such a statement with knowing disregard for the truth shall be subject to, in addition to any other penalties that may be prescribed by law, a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.

"(b) PENALTY.—The penalty described in this subsection is—

"(1) nonpayment of benefits under title II that would otherwise be payable to the person; and

"(2) ineligibility for cash benefits under title XVI,

for each month that begins during the applicable period described in subsection (c).

"(c) DURATION OF PENALTY.—The duration of the applicable period, with respect to a determination by the Commissioner under subsection (a) that a person has engaged in conduct described in subsection (a), shall be—

"(1) six consecutive months, in the case of the first such determination with respect to the person;

"(2) twelve consecutive months, in the case of the second such determination with respect to the person; and

"(3) twenty-four consecutive months, in the case of the third or subsequent such determination with respect to the person.

"(d) EFFECT ON OTHER ASSISTANCE.—A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of—

"(1) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

"(2) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

"(e) DEFINITION.—In this section, the term 'benefits under title XVI' includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

"(f) CONSULTATIONS.—The Commissioner of Social Security shall consult with the Inspector General of the Social Security Administration regarding initiating actions under this section."

(b) CONFORMING AMENDMENT PRECLUDING DELAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Section 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B)) is amended—

(1) by striking "and" at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting ". and"; and

(3) by adding at the end the following:

"(iii) such individual was not subject to a penalty imposed under section 1129A."

(c) ELIMINATION OF REDUNDANT PROVISION.—Section 1611(e) of such Act (42 U.S.C. 1382(e)) is amended—

(1) by striking paragraph (4);

(2) in paragraph (6)(A)(i), by striking "(5)" and inserting "(4)"; and

(3) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(d) REGULATIONS.—Within 6 months after the date of the enactment of this Act, the Commissioner of Social Security shall develop regulations that prescribe the administrative process for making determinations

under section 1129A of the Social Security Act (including when the applicable period in subsection (c) of such section shall commence), and shall provide guidance on the exercise of discretion as to whether the penalty should be imposed in particular cases.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to statements and representations made on or after the date of the enactment of this Act.

**SEC. 208. EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS.**

(a) **IN GENERAL.**—Part A of title XI of the Social Security Act is amended by inserting before section 1137 (42 U.S.C. 1320b-7) the following:

"EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS

"SEC. 1136. (a) **IN GENERAL.**—The Commissioner of Social Security shall exclude from participation in the social security programs any representative or health care provider—

"(1) who is convicted of a violation of section 208 or 1632 of this Act;

"(2) who is convicted of any violation under title 18, United States Code, relating to an initial application for or continuing entitlement to, or amount of, benefits under title II of this Act, or an initial application for or continuing eligibility for, or amount of, benefits under title XVI of this Act; or

"(3) who the Commissioner determines has committed an offense described in section 1129(a)(1) of this Act.

"(b) **NOTICE, EFFECTIVE DATE, AND PERIOD OF EXCLUSION.**—(1) An exclusion under this section shall be effective at such time, for such period, and upon such reasonable notice to the public and to the individual excluded as may be specified in regulations consistent with paragraph (2).

"(2) Such an exclusion shall be effective with respect to services furnished to any individual on or after the effective date of the exclusion. Nothing in this section may be construed to preclude, in determining disability under title II or title XVI, consideration of any medical evidence derived from services provided by a health care provider before the effective date of the exclusion of the health care provider under this section.

"(3)(A) The Commissioner shall specify, in the notice of exclusion under paragraph (1), the period of the exclusion.

"(B) Subject to subparagraph (C), in the case of an exclusion under subsection (a), the minimum period of exclusion shall be five years, except that the Commissioner may waive the exclusion in the case of an individual who is the sole source of essential services in a community. The Commissioner's decision whether to waive the exclusion shall not be reviewable.

"(C) In the case of an exclusion of an individual under subsection (a) based on a conviction or a determination described in subsection (a)(3) occurring on or after the date of the enactment of this section, if the individual has (before, on, or after such date of the enactment) been convicted, or if such a determination has been made with respect to the individual—

"(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years; or

"(ii) on two or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.

"(c) **NOTICE TO STATE AGENCIES.**—The Commissioner shall promptly notify each appro-

priate State agency employed for the purpose of making disability determinations under section 221 or 1633(a)—

"(1) of the fact and circumstances of each exclusion effected against an individual under this section; and

"(2) of the period (described in subsection (b)(3)) for which the State agency is directed to exclude the individual from participation in the activities of the State agency in the course of its employment.

"(d) **NOTICE TO STATE LICENSING AGENCIES.**—The Commissioner shall—

"(1) promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of an individual excluded from participation under this section of the fact and circumstances of the exclusion;

"(2) request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy; and

"(3) request that the State or local agency or authority keep the Commissioner and the Inspector General of the Social Security Administration fully and currently informed with respect to any actions taken in response to the request.

"(e) **NOTICE, HEARING, AND JUDICIAL REVIEW.**—(1) Any individual who is excluded (or directed to be excluded) from participation under this section is entitled to reasonable notice and opportunity for a hearing thereon by the Commissioner to the same extent as is provided in section 205(b), and to judicial review of the Commissioner's final decision after such hearing as is provided in section 205(g).

"(2) The provisions of section 205(h) shall apply with respect to this section to the same extent as it is applicable with respect to title II.

"(f) **APPLICATION FOR TERMINATION OF EXCLUSION.**—(1) An individual excluded from participation under this section may apply to the Commissioner, in the manner specified by the Commissioner in regulations and at the end of the minimum period of exclusion provided under subsection (b)(3) and at such other times as the Commissioner may provide, for termination of the exclusion effected under this section.

"(2) The Commissioner may terminate the exclusion if the Commissioner determines, on the basis of the conduct of the applicant which occurred after the date of the notice of exclusion or which was unknown to the Commissioner at the time of the exclusion, that—

"(A) there is no basis under subsection (a) for a continuation of the exclusion; and

"(B) there are reasonable assurances that the types of actions which formed the basis for the original exclusion have not recurred and will not recur.

"(3) The Commissioner shall promptly notify each State agency employed for the purpose of making disability determinations under section 221 or 1633(a) of the fact and circumstances of each termination of exclusion made under this subsection.

"(g) **AVAILABILITY OF RECORDS OF EXCLUDED REPRESENTATIVES AND HEALTH CARE PROVIDERS.**—Nothing in this section shall be construed to have the effect of limiting access by any applicant or beneficiary under title II or XVI, any State agency acting under section 221 or 1633(a), or the Commissioner to records maintained by any representative or health care provider in connection with services provided to the applicant or beneficiary prior to the exclusion of such representative or health care provider under this section.

"(h) **REPORTING REQUIREMENT.**—Any representative or health care provider participating in, or seeking to participate in, a so-

cial security program shall inform the Commissioner, in such form and manner as the Commissioner shall prescribe by regulation, whether such representative or health care provider has been convicted of a violation described in subsection (a).

"(i) **DELEGATION OF AUTHORITY.**—The Commissioner may delegate authority granted by this section to the Inspector General.

"(j) **DEFINITIONS.**—For purposes of this section:

"(1) **EXCLUDE.**—The term 'exclude' from participation means—

"(A) in connection with a representative, to prohibit from engaging in representation of an applicant for, or recipient of, benefits, as a representative payee under section 205(j) or section 1631(a)(2)(A)(ii), or otherwise as a representative, in any hearing or other proceeding relating to entitlement to benefits; and

"(B) in connection with a health care provider, to prohibit from providing items or services to an applicant for, or recipient of, benefits for the purpose of assisting such applicant or recipient in demonstrating disability.

"(2) **SOCIAL SECURITY PROGRAM.**—The term 'social security programs' means the program providing for monthly insurance benefits under title II, and the program providing for monthly supplemental security income benefits to individuals under title XVI (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66).

"(3) **CONVICTED.**—An individual is considered to have been 'convicted' of a violation—

"(A) when a judgment of conviction has been entered against the individual by a Federal, State, or local court, except if the judgment of conviction has been set aside or expunged;

"(B) when there has been a finding of guilt against the individual by a Federal, State, or local court;

"(C) when a plea of guilty or nolo contendere by the individual has been accepted by a Federal, State, or local court; or

"(D) when the individual has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld."

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to convictions of violations described in paragraphs (1) and (2) of section 1136(a) of the Social Security Act and determinations described in paragraph (3) of such section occurring on or after the date of the enactment of this Act.

**SEC. 209. STATE DATA EXCHANGES.**

Whenever the Commissioner of Social Security requests information from a State for the purpose of ascertaining an individual's eligibility for benefits (or the correct amount of such benefits) under title II or XVI of the Social Security Act, the standards of the Commissioner promulgated pursuant to section 1106 of such Act or any other Federal law for the use, safeguarding, and disclosure of information are deemed to meet any standards of the State that would otherwise apply to the disclosure of information by the State to the Commissioner.

**SEC. 210. STUDY ON POSSIBLE MEASURES TO IMPROVE FRAUD PREVENTION AND ADMINISTRATIVE PROCESSING.**

(a) **STUDY.**—As soon as practicable after the date of the enactment of this Act, the Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration and the Attorney General, shall conduct a study of possible measures to improve—

(1) prevention of fraud on the part of individuals entitled to disability benefits under section 223 of the Social Security Act or benefits under section 202 of such Act based on the beneficiary's disability, individuals eligible for supplemental security income benefits under title XVI of such Act, and applicants for any such benefits; and

(2) timely processing of reported income changes by individuals receiving such benefits.

(b) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report that contains the results of the Commissioner's study under subsection (a). The report shall contain such recommendations for legislative and administrative changes as the Commissioner considers appropriate.

**SEC. 211. ANNUAL REPORT ON AMOUNTS NECESSARY TO COMBAT FRAUD.**

(a) **IN GENERAL.**—Section 704(b)(1) of the Social Security Act (42 U.S.C. 904(b)(1)) is amended—

(1) by inserting "(A)" after "(b)(1)"; and

(2) by adding at the end the following new subparagraph:

"(B) The Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) an itemization of the amount of funds required by the Social Security Administration for the fiscal year covered by the budget to support efforts to combat fraud committed by applicants and beneficiaries."

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to annual budgets prepared for fiscal years after fiscal year 1999.

**SEC. 212. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA.**

(a) **IN GENERAL.**—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following:

"(J) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary of Health and Human Services under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician's certification otherwise required under subparagraph (G)(i)."

(b) **CONFORMING AMENDMENT.**—Section 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is amended by striking "subparagraph (H)" and inserting "subparagraph (H) or (J)".

**SEC. 213. ACCESS TO INFORMATION HELD BY FINANCIAL INSTITUTIONS.**

Section 1631(e)(1)(B) of the Social Security Act (42 U.S.C. 1383(e)(1)(B)) is amended—

(1) by striking "(B) The" and inserting "(B)(i) The"; and

(2) by adding at the end the following new clause:

"(ii)(I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial

institution (within the meaning of section 1101(l) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

"(II) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subclause (I) of this clause shall remain effective until the earliest of—

"(aa) the rendering of a final adverse decision on the applicant's application for eligibility for benefits under this title;

"(bb) the cessation of the recipient's eligibility for benefits under this title; or

"(cc) the express revocation by the applicant or recipient (or such other person referred to in subclause (I) of the authorization, in a written notification to the Commissioner.

"(III)(aa) An authorization obtained by the Commissioner of Social Security pursuant to this clause shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

"(bb) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this clause.

"(cc) A request by the Commissioner pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

"(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

"(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title."

**Subtitle B—Benefits For Certain World War II Veterans**

**SEC. 251. ESTABLISHMENT OF PROGRAM OF SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS.**

(a) **IN GENERAL.**—The Social Security Act is amended by inserting after title VII the following new title:

**"TITLE VIII—SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS**

**"TABLE OF CONTENTS**

- "Sec. 801. Basic entitlement to benefits.
- "Sec. 802. Qualified individuals.
- "Sec. 803. Residence outside the United States.
- "Sec. 804. Disqualifications.
- "Sec. 805. Benefit amount.
- "Sec. 806. Applications and furnishing of information.
- "Sec. 807. Representative payees.
- "Sec. 808. Overpayments and underpayments.
- "Sec. 809. Hearings and review.
- "Sec. 810. Other administrative provisions.
- "Sec. 811. Penalties for fraud.
- "Sec. 812. Definitions.
- "Sec. 813. Appropriations.

**"SEC. 801. BASIC ENTITLEMENT TO BENEFITS.**

"Every individual who is a qualified individual under section 802 shall, in accordance with and subject to the provisions of this title, be entitled to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or such earlier month, if the Commissioner determines is administratively feasible) the individual resides outside the United States.

**"SEC. 802. QUALIFIED INDIVIDUALS.**

"Except as otherwise provided in this title, an individual—

"(1) who has attained the age of 65 on or before the date of the enactment of this title;

"(2) who is a World War II veteran;

"(3) who is eligible for a supplemental security income benefit under title XVI for—

"(A) the month in which this title is enacted; and

"(B) the month in which the individual files an application for benefits under this title;

"(4) whose total benefit income is less than 75 percent of the Federal benefit rate under title XVI;

"(5) who has filed an application for benefits under this title; and

"(6) who is in compliance with all requirements imposed by the Commissioner of Social Security under this title, shall be a qualified individual for purposes of this title.

**"SEC. 803. RESIDENCE OUTSIDE THE UNITED STATES.**

"For purposes of section 801, with respect to any month, an individual shall be regarded as residing outside the United States if, on the first day of the month, the individual so resides outside the United States.

**"SEC. 804. DISQUALIFICATIONS.**

"(a) **IN GENERAL.**—Notwithstanding section 802, an individual may not be a qualified individual for any month—

"(1) that begins after the month in which the Commissioner of Social Security is notified by the Attorney General that the individual has been removed from the United States pursuant to section 237(a) or 212(a)(6)(A) of the Immigration and Nationality Act and before the month in which the individual is lawfully admitted to the United States for permanent residence;

"(2) during any part of which the individual is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the United States or the jurisdiction within the United States from which the person has fled, for a crime, or an attempt to commit a crime, that is a felony under the laws of the place from which the individual has fled, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

"(3) during any part of which the individual violates a condition of probation or parole imposed under Federal or State law; or

"(4) during which the individual resides in a foreign country and is not a citizen or national of the United States if payments for such month to individuals residing in such country are withheld by the Treasury Department under section 3329 of title 31, United States Code.

"(b) **REQUIREMENT FOR ATTORNEY GENERAL.**—For the purpose of carrying out subsection (a)(1), the Attorney General shall notify the Commissioner of Social Security as soon as practicable after the removal of any individual under section 237(a) or 212(a)(6)(A) of the Immigration and Nationality Act.

**"SEC. 805. BENEFIT AMOUNT.**

"The benefit under this title payable to a qualified individual for any month shall be in an amount equal to 75 percent of the Federal benefit rate under title XVI for the

month, reduced by the amount of the qualified individual's benefit income for the month.

**"SEC. 806. APPLICATIONS AND FURNISHING OF INFORMATION.**

**"(a) IN GENERAL.**—The Commissioner of Social Security shall, subject to subsection (b), prescribe such requirements with respect to the filing of applications, the furnishing of information and other material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

**"(b) VERIFICATION REQUIREMENT.**—The requirements prescribed by the Commissioner of Social Security under subsection (a) shall preclude any determination of entitlement to benefits under this title solely on the basis of declarations by the individual concerning qualifications or other material facts, and shall provide for verification of material information from independent or collateral sources, and the procurement of additional information as necessary in order to ensure that the benefits are provided only to qualified individuals (or their representative payees) in correct amounts.

**"SEC. 807. REPRESENTATIVE PAYEES.**

**"(a) IN GENERAL.**—If the Commissioner of Social Security determines that the interest of any qualified individual under this title would be served thereby, payment of the qualified individual's benefit under this title may be made, regardless of the legal competency or incompetency of the qualified individual, either directly to the qualified individual, or for his or her benefit, to another person (the meaning of which term, for purposes of this section, includes an organization) with respect to whom the requirements of subsection (b) have been met (in this section referred to as the qualified individual's 'representative payee'). If the Commissioner of Social Security determines that a representative payee has misused any benefit paid to the representative payee pursuant to this section, section 205(j), or section 1631(a)(2), the Commissioner of Social Security shall promptly revoke the person's designation as the qualified individual's representative payee under this subsection, and shall make payment to an alternative representative payee or, if the interest of the qualified individual under this title would be served thereby, to the qualified individual.

**"(b) EXAMINATION OF FITNESS OF PROSPECTIVE REPRESENTATIVE PAYEE.**—

**"(1)** Any determination under subsection (a) to pay the benefits of a qualified individual to a representative payee shall be made on the basis of—

**"(A)** an investigation by the Commissioner of Social Security of the person to serve as representative payee, which shall be conducted in advance of the determination and shall, to the extent practicable, include a face-to-face interview with the person (or, in the case of an organization, a representative of the organization); and

**"(B)** adequate evidence that the arrangement is in the interest of the qualified individual.

**"(2)** As part of the investigation referred to in paragraph (1), the Commissioner of Social Security shall—

**"(A)** require the person being investigated to submit documented proof of the identity of the person;

**"(B)** in the case of a person who has a social security account number issued for purposes of the program under title II or an employer identification number issued for purposes of the Internal Revenue Code of 1986, verify the number;

**"(C)** determine whether the person has been convicted of a violation of section 208, 811, or 1632; and

**"(D)** determine whether payment of benefits to the person in the capacity as representative payee has been revoked or terminated pursuant to this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or XVI, respectively.

**"(c) REQUIREMENT FOR MAINTAINING LISTS OF UNDESIRABLE PAYEES.**—The Commissioner of Social Security shall establish and maintain lists which shall be updated periodically and which shall be in a form that renders such lists available to the servicing offices of the Social Security Administration. The lists shall consist of—

**"(1)** the names and (if issued) social security account numbers or employer identification numbers of all persons with respect to whom, in the capacity of representative payee, the payment of benefits has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or XVI, respectively; and

**"(2)** the names and (if issued) social security account numbers or employer identification numbers of all persons who have been convicted of a violation of section 208, 811, or 1632.

**"(d) PERSONS INELIGIBLE TO SERVE AS REPRESENTATIVE PAYEES.**—

**"(1) IN GENERAL.**—The benefits of a qualified individual may not be paid to any other person pursuant to this section if—

**"(A)** the person has been convicted of a violation of section 208, 811, or 1632;

**"(B)** except as provided in paragraph (2), payment of benefits to the person in the capacity of representative payee has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(ii) by reason of misuse of funds paid as benefits under this title, title II, or title XVI, respectively; or

**"(C)** except as provided in paragraph (2)(B), the person is a creditor of the qualified individual and provides the qualified individual with goods or services for consideration.

**"(2) EXEMPTIONS.**—

**"(A)** The Commissioner of Social Security may prescribe circumstances under which the Commissioner of Social Security may grant an exemption from paragraph (1) to any person on a case-by-case basis if the exemption is in the best interest of the qualified individual whose benefits would be paid to the person pursuant to this section.

**"(B)** Paragraph (1)(C) shall not apply with respect to any person who is a creditor referred to in such paragraph if the creditor is—

**"(i)** a relative of the qualified individual and the relative resides in the same household as the qualified individual;

**"(ii)** a legal guardian or legal representative of the individual;

**"(iii)** a facility that is licensed or certified as a care facility under the law of the political jurisdiction in which the qualified individual resides;

**"(iv)** a person who is an administrator, owner, or employee of a facility referred to in clause (iii), if the qualified individual resides in the facility, and the payment to the facility or the person is made only after the Commissioner of Social Security has made a good faith effort to locate an alternative representative payee to whom payment would serve the best interests of the qualified individual; or

**"(v)** a person who is determined by the Commissioner of Social Security, on the basis of written findings and pursuant to procedures prescribed by the Commissioner of Social Security, to be acceptable to serve as a representative payee.

**"(C)** The procedures referred to in subparagraph (B)(v) shall require the person who will

serve as representative payee to establish, to the satisfaction of the Commissioner of Social Security, that—

**"(i)** the person poses no risk to the qualified individual;

**"(ii)** the financial relationship of the person to the qualified individual poses no substantial conflict of interest; and

**"(iii)** no other more suitable representative payee can be found.

**"(e) DEFERRAL OF PAYMENT PENDING APPOINTMENT OF REPRESENTATIVE PAYEE.**—

**"(1) IN GENERAL.**—Subject to paragraph (2), if the Commissioner of Social Security makes a determination described in the first sentence of subsection (a) with respect to any qualified individual's benefit and determines that direct payment of the benefit to the qualified individual would cause substantial harm to the qualified individual, the Commissioner of Social Security may defer (in the case of initial entitlement) or suspend (in the case of existing entitlement) direct payment of the benefit to the qualified individual, until such time as the selection of a representative payee is made pursuant to this section.

**"(2) TIME LIMITATION.**—

**"(A) IN GENERAL.**—Except as provided in subparagraph (B), any deferral or suspension of direct payment of a benefit pursuant to paragraph (1) shall be for a period of not more than 1 month.

**"(B) EXCEPTION IN THE CASE OF INCOMPETENCY.**—Subparagraph (A) shall not apply in any case in which the qualified individual is, as of the date of the Commissioner of Social Security's determination, legally incompetent under the laws of the jurisdiction in which the individual resides.

**"(3) PAYMENT OF RETROACTIVE BENEFITS.**—Payment of any benefits which are deferred or suspended pending the selection of a representative payee shall be made to the qualified individual or the representative payee as a single sum or over such period of time as the Commissioner of Social Security determines is in the best interest of the qualified individual.

**"(f) HEARING.**—Any qualified individual who is dissatisfied with a determination by the Commissioner of Social Security to make payment of the qualified individual's benefit to a representative payee under subsection (a) of this section or with the designation of a particular person to serve as representative payee shall be entitled to a hearing by the Commissioner of Social Security to the same extent as is provided in section 809(a), and to judicial review of the Commissioner of Social Security's final decision as is provided in section 809(b).

**"(g) NOTICE REQUIREMENTS.**—

**"(1) IN GENERAL.**—In advance, to the extent practicable, of the payment of a qualified individual's benefit to a representative payee under subsection (a), the Commissioner of Social Security shall provide written notice to so make the payment. The notice shall be provided to the qualified individual, except that, if the qualified individual is legally incompetent, then the notice shall be provided solely to the legal guardian or legal representative of the qualified individual.

**"(2) SPECIFIC REQUIREMENTS.**—Any notice required by paragraph (1) shall be clearly written in language that is easily understandable to the reader, shall identify the person to be designated as the qualified individual's representative payee, and shall explain to the reader the right under subsection (f) of the qualified individual or of the qualified individual's legal guardian or legal representative—

**"(A)** to appeal a determination that a representative payee is necessary for the qualified individual;

"(B) to appeal the designation of a particular person to serve as the representative payee of the qualified individual; and

"(C) to review the evidence upon which the designation is based and to submit additional evidence.

"(h) ACCOUNTABILITY MONITORING.—

"(1) IN GENERAL.—In any case where payment under this title is made to a person other than the qualified individual entitled to the payment, the Commissioner of Social Security shall establish a system of accountability monitoring under which the person shall report not less often than annually with respect to the use of the payments. The Commissioner of Social Security shall establish and implement statistically valid procedures for reviewing the reports in order to identify instances in which persons are not properly using the payments.

"(2) SPECIAL REPORTS.—Notwithstanding paragraph (1), the Commissioner of Social Security may require a report at any time from any person receiving payments on behalf of a qualified individual, if the Commissioner of Social Security has reason to believe that the person receiving the payments is misusing the payments.

"(3) MAINTAINING LISTS OF PAYEES.—The Commissioner of Social Security shall maintain lists which shall be updated periodically of—

"(A) the name, address, and (if issued) the social security account number or employer identification number of each representative payee who is receiving benefit payments pursuant to this section, section 205(j), or section 1631(a)(2); and

"(B) the name, address, and social security account number of each individual for whom each representative payee is reported to be providing services as representative payee pursuant to this section, section 205(j), or section 1631(a)(2).

"(4) MAINTAINING LISTS OF AGENCIES.—The Commissioner of Social Security shall maintain lists, which shall be updated periodically, of public agencies and community-based nonprofit social service agencies which are qualified to serve as representative payees pursuant to this section and which are located in the jurisdiction in which any qualified individual resides.

"(i) RESTITUTION.—In any case where the negligent failure of the Commissioner of Social Security to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Commissioner of Social Security shall make payment to the qualified individual or the individual's alternative representative payee of an amount equal to the misused benefits. The Commissioner of Social Security shall make a good faith effort to obtain restitution from the terminated representative payee.

"SEC. 808. OVERPAYMENTS AND UNDERPAYMENTS.

"(a) IN GENERAL.—Whenever the Commissioner of Social Security finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, as follows:

"(1) With respect to payment to a person of more than the correct amount, the Commissioner of Social Security shall decrease any payment—

"(A) under this title to which the overpaid person (if a qualified individual) is entitled, or shall require the overpaid person or his or her estate to refund the amount in excess of the correct amount, or, if recovery is not obtained under these 2 methods, shall seek or pursue recovery by means of reduction in tax refunds based on notice to the Secretary of the Treasury, as authorized under section 3720A of title 31, United States Code; or

"(B) under title II to recover the amount in excess of the correct amount, if the person is not currently eligible for payment under this title.

"(2) With respect to payment of less than the correct amount to a qualified individual who, at the time the Commissioner of Social Security is prepared to take action with respect to the underpayment—

"(A) is living, the Commissioner of Social Security shall make payment to the qualified individual (or the qualified individual's representative payee designated under section 807) of the balance of the amount due the underpaid qualified individual; or

"(B) is deceased, the balance of the amount due shall revert to the general fund of the Treasury.

"(b) NO EFFECT ON TITLE VIII ELIGIBILITY OR BENEFIT AMOUNT.—In any case in which the Commissioner of Social Security takes action in accordance with subsection (a)(1)(B) to recover an amount incorrectly paid to an individual, that individual shall not, as a result of such action—

"(1) become qualified for benefits under this title; or

"(2) if such individual is otherwise so qualified, become qualified for increased benefits under this title.

"(c) WAIVER OF RECOVERY OF OVERPAYMENT.—In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if the Commissioner of Social Security determines that the adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

"(d) LIMITED IMMUNITY FOR DISBURSING OFFICERS.—A disbursing officer may not be held liable for any amount paid by the officer if the adjustment or recovery of the amount is waived under subsection (b), or adjustment under subsection (a) is not completed before the death of the qualified individual against whose benefits deductions are authorized.

"(e) AUTHORIZED COLLECTION PRACTICES.—

"(1) IN GENERAL.—With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(e), 3716, and 3718 of title 31, United States Code, as in effect on October 1, 1994.

"(2) DEFINITION.—For purposes of paragraph (1), the term 'delinquent amount' means an amount—

"(A) in excess of the correct amount of the payment under this title; and

"(B) determined by the Commissioner of Social Security to be otherwise unrecoverable under this section from a person who is not a qualified individual under this title.

"SEC. 809. HEARINGS AND REVIEW.

"(a) HEARINGS.—

"(1) IN GENERAL.—The Commissioner of Social Security shall make findings of fact and decisions as to the rights of any individual applying for payment under this title. The Commissioner of Social Security shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a qualified individual and is in disagreement with any determination under this title with respect to entitlement to, or the amount of, benefits under this title, if the individual requests a hearing on the matter in disagreement within 60 days after notice of the determination is received, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing affirm, modify, or reverse the Commissioner of Social Security's findings of fact and the decision. The Commissioner of Social Security may, on the Commissioner of Social Security's own motion, hold such hearings and conduct such in-

vestigations and other proceedings as the Commissioner of Social Security deems necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceeding, the Commissioner may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Commissioner of Social Security even though inadmissible under the rules of evidence applicable to court procedure. The Commissioner of Social Security shall specifically take into account any physical, mental, educational, or linguistic limitation of the individual (including any lack of facility with the English language) in determining, with respect to the entitlement of the individual for benefits under this title, whether the individual acted in good faith or was at fault, and in determining fraud, deception, or intent.

"(2) EFFECT OF FAILURE TO TIMELY REQUEST REVIEW.—A failure to timely request review of an initial adverse determination with respect to an application for any payment under this title or an adverse determination on reconsideration of such an initial determination shall not serve as a basis for denial of a subsequent application for any payment under this title if the applicant demonstrates that the applicant failed to so request such a review acting in good faith reliance upon incorrect, incomplete, or misleading information, relating to the consequences of reapplying for payments in lieu of seeking review of an adverse determination, provided by any officer or employee of the Social Security Administration.

"(3) NOTICE REQUIREMENTS.—In any notice of an adverse determination with respect to which a review may be requested under paragraph (1), the Commissioner of Social Security shall describe in clear and specific language the effect on possible entitlement to benefits under this title of choosing to reapply in lieu of requesting review of the determination.

"(b) JUDICIAL REVIEW.—The final determination of the Commissioner of Social Security after a hearing under subsection (a)(1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Commissioner of Social Security's final determinations under section 205.

"SEC. 810. OTHER ADMINISTRATIVE PROVISIONS.

"(a) REGULATIONS AND ADMINISTRATIVE ARRANGEMENTS.—The Commissioner of Social Security may prescribe such regulations, and make such administrative and other arrangements, as may be necessary or appropriate to carry out this title.

"(b) PAYMENT OF BENEFITS.—Benefits under this title shall be paid at such time or times and in such installments as the Commissioner of Social Security determines are in the interests of economy and efficiency.

"(c) ENTITLEMENT REDETERMINATIONS.—An individual's entitlement to benefits under this title, and the amount of the benefits, may be redetermined at such time or times as the Commissioner of Social Security determines to be appropriate.

"(d) SUSPENSION AND TERMINATION OF BENEFITS.—Regulations prescribed by the Commissioner of Social Security under subsection (a) may provide for the suspension and termination of entitlement to benefits under this title as the Commissioner determines is appropriate.

"SEC. 811. PENALTIES FOR FRAUD.

"(a) IN GENERAL.—Whoever—  
 "(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in an application for benefits under this title;

"(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining any right to the benefits;

"(3) having knowledge of the occurrence of any event affecting—

"(A) his or her initial or continued right to the benefits; or

"(B) the initial or continued right to the benefits of any other individual in whose behalf he or she has applied for or is receiving the benefit,

conceals or fails to disclose the event with an intent fraudulently to secure the benefit either in a greater amount or quantity than is due or when no such benefit is authorized; or

"(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts the benefit or any part thereof to a use other than for the use and benefit of the other individual,

shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

"(b) **RESTITUTION BY REPRESENTATIVE PAYEE.**—If a person or organization violates subsection (a) in the person's or organization's role as, or in applying to become, a representative payee under section 807 on behalf of a qualified individual, and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to the qualified individual.

**"SEC. 812. DEFINITIONS.**

"In this title:

"(1) **WORLD WAR II VETERAN.**—The term 'World War II veteran' means a person who—

"(A) served during World War II—

"(i) in the active military, naval, or air service of the United States during World War II; or

"(ii) in the organized military forces of the Government of the Commonwealth of the Philippines, while the forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among the military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States, in any case in which the service was rendered before December 31, 1946; and

"(B) was discharged or released therefrom under conditions other than dishonorable—

"(i) after service of 90 days or more; or

"(ii) because of a disability or injury incurred or aggravated in the line of active duty.

"(2) **WORLD WAR II.**—The term 'World War II' means the period beginning on September 16, 1940, and ending on July 24, 1947.

"(3) **SUPPLEMENTAL SECURITY INCOME BENEFIT UNDER TITLE XVI.**—The term 'supplemental security income benefit under title XVI', except as otherwise provided, includes State supplementary payments which are paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

"(4) **FEDERAL BENEFIT RATE UNDER TITLE XVI.**—The term 'Federal benefit rate under title XVI' means, with respect to any month, the amount of the supplemental security income cash benefit (not including any State supplementary payment which is paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66) payable under title XVI for the month to an eligible individual with no income.

"(5) **UNITED STATES.**—The term 'United States' means, notwithstanding section 1101(a)(1), only the 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.

"(6) **BENEFIT INCOME.**—The term 'benefit income' means any recurring payment received by a qualified individual as an annuity, pension, retirement, or disability benefit (including any veterans' compensation or pension, workmen's compensation payment, old-age, survivors, or disability insurance benefit, railroad retirement annuity or pension, and unemployment insurance benefit), but only if a similar payment was received by the individual from the same (or a related) source during the 12-month period preceding the month in which the individual files an application for benefits under this title.

**"SEC. 813. APPROPRIATIONS.**

"There are hereby appropriated for fiscal year 2000 and subsequent fiscal years, out of any funds in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this title."

(b) **CONFORMING AMENDMENTS.**—

(1) **SOCIAL SECURITY TRUST FUNDS LAE ACCOUNT.**—Section 201(g) of such Act (42 U.S.C. 401(g)) is amended—

(A) in the fourth sentence of paragraph (1)(A), by inserting after "this title," the following: "title VIII,";

(B) in paragraph (1)(B)(i)(I), by inserting after "this title," the following: "title VIII,"; and

(C) in paragraph (1)(C)(i), by inserting after "this title," the following: "title VIII,".

(2) **REPRESENTATIVE PAYEE PROVISIONS OF TITLE II.**—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (1)(A), by inserting "807 or" before "1631(a)(2)";

(B) in paragraph (2)(B)(i)(I), by inserting "title VIII," before "or title XVI";

(C) in paragraph (2)(B)(i)(III), by inserting "811," before "or 1632";

(D) in paragraph (2)(B)(i)(IV)—

(i) by inserting "the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "or payment of benefits"; and

(ii) by inserting "title VIII," before "or title XVI";

(E) in paragraph (2)(B)(ii)(I)—

(i) by inserting "whose designation as a representative payee has been revoked pursuant to section 807(a)," before "or with respect to whom"; and

(ii) by inserting "title VIII," before "or title XVI";

(F) in paragraph (2)(B)(ii)(II), by inserting "811," before "or 1632";

(G) in paragraph (2)(C)(i)(II), by inserting "the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "or payment of benefits";

(H) in each of clauses (i) and (ii) of paragraph (3)(E), by inserting "section 807," before "or section 1631(a)(2)";

(I) in paragraph (3)(F), by inserting "807 or" before "1631(a)(2)"; and

(J) in paragraph (4)(B)(i), by inserting "807 or" before "1631(a)(2)".

(3) **WITHHOLDING FOR CHILD SUPPORT AND ALIMONY OBLIGATIONS.**—Section 459(h)(1)(A) of such Act (42 U.S.C. 659(h)(1)(A)) is amended—

(A) at the end of clause (iii), by striking "and";

(B) at the end of clause (iv), by striking "but" and inserting "and"; and

(C) by adding at the end a new clause as follows:

"(v) special benefits for certain World War II veterans payable under title VIII; but"

(4) **SOCIAL SECURITY ADVISORY BOARD.**—Section 703(b) of such Act (42 U.S.C. 903(b)) is amended by striking "title II" and inserting "title II, the program of special benefits for certain World War II veterans under title VIII,".

(5) **DELIVERY OF CHECKS.**—Section 708 of such Act (42 U.S.C. 908) is amended—

(A) in subsection (a), by striking "title II" and inserting "title II, title VIII,"; and

(B) in subsection (b), by striking "title II" and inserting "title II, title VIII,".

(6) **CIVIL MONETARY PENALTIES.**—Section 1129 of such Act (42 U.S.C. 1320a-8) is amended—

(A) in the title, by striking "II" and inserting "II, VIII";

(B) in subsection (a)(1)—

(i) by striking "or" at the end of subparagraph (A);

(ii) by redesignating subparagraph (B) as subparagraph (C); and

(iii) by inserting after subparagraph (A) the following new subparagraph:

"(B) benefits or payments under title VIII, or";

(C) in subsection (a)(2), by inserting "or title VIII," after "title II";

(D) in subsection (e)(1)(C)—

(i) by striking "or" at the end of clause (i);

(ii) by redesignating clause (ii) as clause (iii); and

(iii) by inserting after clause (i) the following new clause:

"(ii) by decrease of any payment under title VIII to which the person is entitled, or";

(E) in subsection (e)(2)(B), by striking "title XVI" and inserting "title VIII or XVI"; and

(F) in subsection (l), by striking "title XVI" and inserting "title VIII or XVI".

(7) **RECOVERY OF SSI OVERPAYMENTS.**—Section 1147 of such Act (42 U.S.C. 1320b-17) is amended—

(A) in subsection (a)(1)—

(i) by inserting "or VIII" after "title II" the first place it appears; and

(ii) by striking "title II" the second place it appears and inserting "such title"; and

(B) in the heading, by striking "SOCIAL SECURITY" and inserting "OTHER".

(8) **RECOVERY OF SOCIAL SECURITY OVERPAYMENTS.**—Part A of title XI of the Social Security Act is amended by inserting after section 1147 (42 U.S.C. 1320b-17) the following new section:

**"RECOVERY OF SOCIAL SECURITY BENEFIT OVERPAYMENTS FROM TITLE VIII BENEFITS**

**"SEC. 1147A.** Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made under title II to an individual who is not currently receiving benefits under that title but who is receiving benefits under title VIII, the Commissioner may recover the amount incorrectly paid under title II by decreasing any amount which is payable to the individual under title VIII."

(9) **REPRESENTATIVE PAYEE PROVISIONS OF TITLE XVI.**—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (A)(iii), by inserting "or 807" after "205(j)(1)";

(B) in subparagraph (B)(ii)(I), by inserting "title VIII," before "or this title";

(C) in subparagraph (B)(ii)(III), by inserting "811," before "or 1632";

(D) in subparagraph (B)(ii)(IV)—

(i) by inserting "whether the designation of such person as a representative payee has been revoked pursuant to section 807(a)," before "and whether certification"; and

(ii) by inserting "title VIII," before "or this title";

(E) in subparagraph (B)(iii)(II), by inserting "the designation of such person as a representative payee has been revoked pursuant

to section 807(a)," before "or certification"; and

(F) in subparagraph (D)(ii)(II)(aa), by inserting "or 807" after "205(j)(4)".

(10) ADMINISTRATIVE OFFSET.—Section 3716(c)(3)(C) of title 31, United States Code, is amended—

(A) by striking "sections 205(b)(1)" and inserting "sections 205(b)(1), 809(a)(1)."; and

(B) by striking "either title II" and inserting "title II, VIII."

#### Subtitle C—Study

#### SEC. 261. STUDY OF DENIAL OF SSI BENEFITS FOR FAMILY FARMERS.

(a) IN GENERAL.—The Commissioner of Social Security shall conduct a study of the reasons why family farmers with resources of less than \$100,000 are denied supplemental security income benefits under title XVI of the Social Security Act, including whether the deeming process unduly burdens and discriminates against family farmers who do not institutionalize a disabled dependent, and shall determine the number of such farmers who have been denied such benefits during each of the preceding 10 years.

(b) REPORT TO THE CONGRESS.—Within 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that contains the results of the study, and the determination, required by subsection (a).

#### TITLE III—CHILD SUPPORT

#### SEC. 301. NARROWING OF HOLD-HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT.

(a) IN GENERAL.—Section 457(d) of the Social Security Act (42 U.S.C. 657(d)) is amended to read as follows:

"(d) HOLD HARMLESS PROVISION.—If—

"(1) the State share of amounts collected in the fiscal year which could be retained to reimburse the State for amounts paid to families as assistance by the State is less than the State share of such amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on August 21, 1996); and

"(2)(A) the State has distributed to families that include an adult receiving assistance under the program under part A at least 80 percent of the current support payments collected during the preceding fiscal year on behalf of such families, and the amounts distributed were disregarded in determining the amount or type of assistance provided under the program under part A; or

"(B) the State has distributed to families that formerly received assistance under the program under part A the State share of the amounts collected pursuant to section 464 that could have been retained as reimbursement for assistance paid to such families, then the State share otherwise determined for the fiscal year shall be increased by an amount equal to 1/2 of the amount (if any) by which the State share for fiscal year 1995 exceeds the State share for the fiscal year (determined without regard to this subsection)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective with respect to calendar quarters occurring during the period that begins on October 1, 1998, and ends on September 30, 2001.

(c) REPEAL.—Effective October 1, 2001, section 457 of the Social Security Act (42 U.S.C. 657) is amended—

(1) in subsection (a), by striking "subsections (e) and (f)" and inserting "subsections (d) and (e)";

(2) by striking subsection (d);

(3) in subsection (e), by striking the second sentence; and

(4) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

#### TITLE IV—TECHNICAL CORRECTIONS

#### SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMENDMENTS MADE BY THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) Section 402(a)(1)(B)(iv) of the Social Security Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking "Act" and inserting "section".

(b) Section 409(a)(7)(B)(i)(II) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by striking "part" and inserting "section".

(c) Section 413(g)(1) of the Social Security Act (42 U.S.C. 613(g)(1)) is amended by striking "Act" and inserting "section".

(d) Section 416 of the Social Security Act (42 U.S.C. 616) is amended by striking "Opportunity Act" and inserting "Opportunity Reconciliation Act" each place such term appears.

(e) Section 431(a)(6) of the Social Security Act (42 U.S.C. 629a(a)(6)) is amended—

(1) by inserting ", as in effect before August 22, 1986" after "482(i)(5)"; and

(2) by inserting ", as so in effect" after "482(i)(7)(A)".

(f) Sections 452(a)(7) and 466(c)(2)(A)(i) of the Social Security Act (42 U.S.C. 652(a)(7) and 666(c)(2)(A)(i)) are each amended by striking "Social Security" and inserting "social security".

(g) Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(1) by striking ", or" at the end of each of paragraphs (6)(E)(i) and (19)(B)(i) and inserting "; or";

(2) in paragraph (9), by striking the comma at the end of each of subparagraphs (A), (B), and (C) and inserting a semicolon; and

(3) by striking ", and" at the end of each of paragraphs (19)(A) and (24)(A) and inserting "; and".

(h) Section 454(24)(B) of the Social Security Act (42 U.S.C. 654(24)(B)) is amended by striking "Opportunity Act" and inserting "Opportunity Reconciliation Act".

(i) Section 344(b)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2236) is amended to read as follows: "(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

"(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and"; and"

(j) Section 457(a)(2)(B)(i)(I) of the Social Security Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking "Act Reconciliation" and inserting "Reconciliation Act".

(k) Section 457 of the Social Security Act (42 U.S.C. 657) is amended by striking "Opportunity Act" each place it appears and inserting "Opportunity Reconciliation Act".

(l) Effective on the date of the enactment of this Act, section 404(e) of the Social Security Act (42 U.S.C. 604(e)) is amended by inserting "or tribe" after "State" the first and second places it appears, and by inserting "or tribal" after "State" the third place it appears.

(m) Section 466(a)(7)(A) of the Social Security Act (42 U.S.C. 666(a)(7)(A)) is amended by striking "1681a(f)" and inserting "1681a(f))".

(n) Section 466(b)(6)(A) of the Social Security Act (42 U.S.C. 666(b)(6)(A)) is amended by striking "state" and inserting "State".

(o) Section 471(a)(8) of the Social Security Act (42 U.S.C. 671(a)(8)) is amended by striking "(including activities under part F)".

(p) Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b-7(a)(3)) is amended by striking "453A(a)(2)(B)(iii)" and inserting "453A(a)(2)(B)(ii))".

(q) Except as provided in subsection (l), the amendments made by this section shall take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2105).

in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Ms. COLLINS. Mr. President, I ask unanimous consent that the bill be considered read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 3443) was read the third time and passed.

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AMENDING PART E OF TITLE IV  
OF THE SOCIAL SECURITY ACT

Ms. COLLINS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 3443, which is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 3443) to amend part E of title IV of the Social Security Act to provide States more funding and greater flexibility



106TH CONGRESS  
1ST SESSION

# H. R. 1802

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## AN ACT

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
 5 “Foster Care Independence Act of 1999”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
 7 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM**

**Subtitle A—Improved Independent Living Program**

Sec. 101. Improved independent living program.

**Subtitle B—Related Foster Care Provision**

Sec. 111. Increase in amount of assets allowable for children in foster care.

Sec. 112. Preparation of foster parents to provide for the needs of children in State care.

**Subtitle C—Medicaid Amendments**

Sec. 121. State option of Medicaid coverage for adolescents leaving foster care.

**Subtitle D—Adoption Incentive Payments**

Sec. 131. Increased funding for adoption incentive payments.

**TITLE II—SSI FRAUD PREVENTION**

**Subtitle A—Fraud Prevention and Related Provisions**

Sec. 201. Liability of representative payees for overpayments to deceased recipients.

Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.

Sec. 203. Additional debt collection practices.

Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.

Sec. 205. Rules relating to collection of overpayments from individuals convicted of crimes.

Sec. 206. Treatment of assets held in trust under the SSI program.

Sec. 207. Disposal of resources for less than fair market value under the SSI program.

Sec. 208. Administrative procedure for imposing penalties for false or misleading statements.

Sec. 209. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.

Sec. 210. State data exchanges.

- Sec. 211. Study on possible measures to improve fraud prevention and administrative processing.
- Sec. 212. Annual report on amounts necessary to combat fraud.
- Sec. 213. Computer matches with Medicare and Medicaid institutionalization data.
- Sec. 214. Access to information held by financial institutions.

Subtitle B—Special Benefits For Certain World War II Veterans

- Sec. 251. Establishment of program of special benefits for certain World War II veterans.

Subtitle C—Study

- Sec. 261. Study of denial of SSI benefits for family farmers.

TITLE III—CHILD SUPPORT

- Sec. 301. Narrowing of hold harmless provision for State share of distribution of collected child support.

TITLE IV—TECHNICAL CORRECTIONS

- Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

1 **TITLE I—IMPROVED INDE-**  
 2 **PENDENT LIVING PROGRAM**  
 3 **Subtitle A—Improved Independent**  
 4 **Living Program**

5 **SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM.**

6 (a) FINDINGS.—The Congress finds the following:

7 (1) States are required to make reasonable ef-  
 8 forts to find adoptive families for all children, in-  
 9 cluding older children, for whom reunification with  
 10 their biological family is not in the best interests of  
 11 the child. However, some older children will continue  
 12 to live in foster care. These children should be en-  
 13 rolled in an Independent Living program designed  
 14 and conducted by State and local government to help

1 prepare them for employment, postsecondary edu-  
2 cation, and successful management of adult respon-  
3 sibilities.

4 (2) About 20,000 adolescents leave the Nation's  
5 foster care system each year because they have  
6 reached 18 years of age and are expected to support  
7 themselves.

8 (3) Congress has received extensive information  
9 that adolescents leaving foster care have significant  
10 difficulty making a successful transition to adult-  
11 hood; this information shows that children aging out  
12 of foster care show high rates of homelessness, non-  
13 marital childbearing, poverty, and delinquent or  
14 criminal behavior; they are also frequently the target  
15 of crime and physical assaults.

16 (4) The Nation's State and local governments,  
17 with financial support from the Federal Government,  
18 should offer an extensive program of education,  
19 training, employment, and financial support for  
20 young adults leaving foster care, with participation  
21 in such program beginning several years before high  
22 school graduation and continuing, as needed, until  
23 the young adults emancipated from foster care es-  
24 tablish independence or reach 21 years of age.

1 (b) IMPROVED INDEPENDENT LIVING PROGRAM.—  
2 Section 477 of the Social Security Act (42 U.S.C. 677)  
3 is amended to read as follows:

4 **“SEC. 477. INDEPENDENT LIVING PROGRAM.**

5 “(a) PURPOSE.—The purpose of this section is to  
6 provide States with flexible funding that will enable pro-  
7 grams to be designed and conducted—

8 “(1) to identify children who are likely to re-  
9 main in foster care until 18 years of age and to help  
10 these children make the transition to self-sufficiency  
11 by providing services such as assistance in obtaining  
12 a high school diploma, career exploration, vocational  
13 training, job placement and retention, training in  
14 daily living skills, training in budgeting and financial  
15 management skills, substance abuse prevention, and  
16 preventive health activities (including smoking avoid-  
17 ance, nutrition education, and pregnancy preven-  
18 tion);

19 “(2) to help children who are likely to remain  
20 in foster care until 18 years of age receive the edu-  
21 cation, training, and services necessary to obtain em-  
22 ployment;

23 “(3) to help children who are likely to remain  
24 in foster care until 18 years of age prepare for and

1 enter postsecondary training and education institu-  
2 tions;

3 “(4) to provide personal and emotional support  
4 to children aging out of foster care, through mentors  
5 and the promotion of interactions with dedicated  
6 adults; and

7 “(5) to provide financial, housing, counseling,  
8 employment, education, and other appropriate sup-  
9 port and services to former foster care recipients be-  
10 tween 18 and 21 years of age to complement their  
11 own efforts to achieve self-sufficiency and to assure  
12 that program participants recognize and accept their  
13 personal responsibility for preparing for and then  
14 making the transition from adolescence to adult-  
15 hood.

16 “(b) APPLICATIONS.—

17 “(1) IN GENERAL.—A State may apply for  
18 funds from its allotment under subsection (c) for a  
19 period of five consecutive fiscal years by submitting  
20 to the Secretary, in writing, a plan that meets the  
21 requirements of paragraph (2) and the certifications  
22 required by paragraph (3) with respect to the plan.

23 “(2) STATE PLAN.—A plan meets the require-  
24 ments of this paragraph if the plan specifies which  
25 State agency or agencies will administer, supervise,

1 or oversee the programs carried out under the plan,  
2 and describes how the State intends to do the fol-  
3 lowing:

4 “(A) Design and deliver programs to  
5 achieve the purposes of this section.

6 “(B) Ensure that all political subdivisions  
7 in the State are served by the program, though  
8 not necessarily in a uniform manner.

9 “(C) Ensure that the programs serve chil-  
10 dren of various ages and at various stages of  
11 achieving independence.

12 “(D) Involve the public and private sectors  
13 in helping adolescents in foster care achieve  
14 independence.

15 “(E) Use objective criteria for determining  
16 eligibility for benefits and services under the  
17 programs, and for ensuring fair and equitable  
18 treatment of benefit recipients.

19 “(F) Cooperate in national evaluations of  
20 the effects of the programs in achieving the  
21 purposes of this section.

22 “(3) CERTIFICATIONS.—The certifications re-  
23 quired by this paragraph with respect to a plan are  
24 the following:

1           “(A) A certification by the chief executive  
2 officer of the State that the State will provide  
3 assistance and services to children who have left  
4 foster care because they have attained 18 years  
5 of age, and who have not attained 21 years of  
6 age.

7           “(B) A certification by the chief executive  
8 officer of the State that not more than 30 per-  
9 cent of the amounts paid to the State from its  
10 allotment under subsection (c) for a fiscal year  
11 will be expended for room or board for children  
12 who have left foster care because they have at-  
13 tained 18 years of age, and who have not at-  
14 tained 21 years of age.

15           “(C) A certification by the chief executive  
16 officer of the State that none of the amounts  
17 paid to the State from its allotment under sub-  
18 section (c) will be expended for room or board  
19 for any child who has not attained 18 years of  
20 age.

21           “(D) A certification by the chief executive  
22 officer of the State that the State will use train-  
23 ing funds provided under the program of Fed-  
24 eral payments for foster care and adoption as-  
25 sistance to provide training to help foster par-

1           ents, workers in group homes, and case man-  
2           agers understand and address the issues con-  
3           fronting adolescents preparing for independent  
4           living, and will, to the extent possible, coordi-  
5           nate such training with the independent living  
6           program conducted for adolescents.

7           “(E) A certification by the chief executive  
8           officer of the State that the State has consulted  
9           widely with public and private organizations in  
10          developing the plan and that the State has  
11          given all interested members of the public at  
12          least 30 days to submit comments on the plan.

13          “(F) A certification by the chief executive  
14          officer of the State that the State will make  
15          every effort to coordinate the State programs  
16          receiving funds provided from an allotment  
17          made to the State under subsection (c) with  
18          other Federal and State programs for youth  
19          (especially transitional living youth projects  
20          funded under part B of title III of the Juvenile  
21          Justice and Delinquency Prevention Act of  
22          1974), abstinence education programs, local  
23          housing programs, programs for disabled youth  
24          (especially sheltered workshops), and school-to-

1 work programs offered by high schools or local  
2 workforce agencies.

3 “(G) A certification by the chief executive  
4 officer of the State that each Indian tribe in the  
5 State has been consulted about the programs to  
6 be carried out under the plan; that there have  
7 been efforts to coordinate the programs with  
8 such tribes; and that benefits and services  
9 under the programs will be made available to  
10 Indian children in the State on the same basis  
11 as to other children in the State.

12 “(H) A certification by the chief executive  
13 officer of the State that the State will ensure  
14 that adolescents participating in the program  
15 under this section participate directly in design-  
16 ing their own program activities that prepare  
17 them for independent living and that the ado-  
18 lescents accept personal responsibility for living  
19 up to their part of the program.

20 “(I) A certification by the chief executive  
21 officer of the State that the State has estab-  
22 lished and will enforce standards and proce-  
23 dures to prevent fraud and abuse in the pro-  
24 grams carried out under the plan.

1           “(4) APPROVAL.—The Secretary shall approve  
2 an application submitted by a State pursuant to  
3 paragraph (1) for a period if—

4           “(A) the application is submitted on or be-  
5 fore June 30 of the calendar year in which such  
6 period begins; and

7           “(B) the Secretary finds that the applica-  
8 tion contains the material required by para-  
9 graph (1).

10           “(5) AUTHORITY TO IMPLEMENT CERTAIN  
11 AMENDMENTS; NOTIFICATION.—A State with an ap-  
12 plication approved under paragraph (4) may imple-  
13 ment any amendment to the plan contained in the  
14 application if the application, incorporating the  
15 amendment, would be approvable under paragraph  
16 (4). Within 30 days after a State implements any  
17 such amendment, the State shall notify the Sec-  
18 retary of the amendment.

19           “(6) AVAILABILITY.—The State shall make  
20 available to the public any application submitted by  
21 the State pursuant to paragraph (1), and a brief  
22 summary of the plan contained in the application.

23           “(c) ALLOTMENTS TO STATES.—

24           “(1) IN GENERAL.—From the amount specified  
25 in subsection (h) that remains after applying sub-

1 section (g)(2) for a fiscal year, the Secretary shall  
2 allot to each State with an application approved  
3 under subsection (b) for the fiscal year the amount  
4 which bears the same ratio to such remaining  
5 amount as the number of children in foster care  
6 under a program of the State in the most recent fis-  
7 cal year for which such information is available  
8 bears to the total number of children in foster care  
9 in all States for such most recent fiscal year, as ad-  
10 justed in accordance with paragraph (2).

11 “(2) HOLD HARMLESS PROVISION.—

12 “(A) IN GENERAL.—The Secretary shall  
13 allot to each State whose allotment for a fiscal  
14 year under paragraph (1) is less than the  
15 amount payable to the State under this section  
16 for fiscal year 1998 an additional amount equal  
17 to the difference.”.

18 “(B) RATABLE REDUCTION OF CERTAIN  
19 ALLOTMENTS.—In the case of a State not de-  
20 scribed in subparagraph (A) for a fiscal year,  
21 the Secretary shall reduce the amount allotted  
22 to the State for the fiscal year under paragraph  
23 (1) by the amount that bears the same ratio to  
24 the sum of the differences determined under  
25 subparagraph (A) for the fiscal year as the

1 amount so allotted bears to the sum of the  
2 amounts allotted to all States not so described.

3 “(d) USE OF FUNDS.—

4 “(1) IN GENERAL.—A State to which an  
5 amount is paid from its allotment under subsection  
6 (c) may use the amount in any manner that is rea-  
7 sonably calculated to accomplish the purposes of this  
8 section.

9 “(2) NO SUPPLANTATION OF OTHER FUNDS  
10 AVAILABLE FOR SAME GENERAL PURPOSES.—The  
11 amounts paid to a State from its allotment under  
12 subsection (c) shall be used to supplement and not  
13 supplant any other funds which are available for the  
14 same general purposes in the State.

15 “(3) TWO-YEAR AVAILABILITY OF FUNDS.—  
16 Payments made to a State under this section for a  
17 fiscal year shall be expended by the State in the fis-  
18 cal year or in the succeeding fiscal year.

19 “(e) PENALTIES.—

20 “(1) USE OF GRANT IN VIOLATION OF THIS  
21 PART.—If the Secretary is made aware, by an audit  
22 conducted under chapter 75 of title 31, United  
23 States Code, or by any other means, that a program  
24 receiving funds from an allotment made to a State  
25 under subsection (c) has been operated in a manner

1 that is inconsistent with, or not disclosed in the  
2 State application approved under subsection (b), the  
3 Secretary shall assess a penalty against the State in  
4 an amount equal to not less than 1 percent and not  
5 more than 5 percent of the amount of the allotment.

6 “(2) FAILURE TO COMPLY WITH DATA REPORT-  
7 ING REQUIREMENT.—The Secretary shall assess a  
8 penalty against a State that fails during a fiscal  
9 year to comply with an information collection plan  
10 implemented under subsection (f) in an amount  
11 equal to not less than 1 percent and not more than  
12 5 percent of the amount allotted to the State for the  
13 fiscal year.

14 “(3) PENALTIES BASED ON DEGREE OF NON-  
15 COMPLIANCE.—The Secretary shall assess penalties  
16 under this subsection based on the degree of non-  
17 compliance.

18 “(f) DATA COLLECTION AND PERFORMANCE MEAS-  
19 UREMENT.—

20 “(1) IN GENERAL.—The Secretary, in consulta-  
21 tion with State and local public officials responsible  
22 for administering independent living and other child  
23 welfare programs, child welfare advocates, members  
24 of Congress, youth service providers, and research-  
25 ers, shall—

1           “(A) develop outcome measures (including  
2           measures of educational attainment, employ-  
3           ment, avoidance of dependency, homelessness,  
4           nonmarital childbirth, and high-risk behaviors)  
5           that can be used to assess the performance of  
6           States in operating independent living pro-  
7           grams;

8           “(B) identify data elements needed to  
9           track—

10                   “(i) the number and characteristics of  
11                   children receiving services under this sec-  
12                   tion;

13                   “(ii) the type and quantity of services  
14                   being provided; and

15                   “(iii) State performance on the out-  
16                   come measures; and

17           “(C) develop and implement a plan to col-  
18           lect the needed information beginning with the  
19           second fiscal year beginning after the date of  
20           the enactment of this section.

21           “(2) REPORT TO THE CONGRESS.—Within 12  
22           months after the date of the enactment of this sec-  
23           tion, the Secretary shall submit to the Committee on  
24           Ways and Means of the House of Representatives  
25           and the Committee on Finance of the Senate a re-

1 port detailing the plans and timetable for collecting  
2 from the States the information described in para-  
3 graph (1).

4 “(g) EVALUATIONS.—

5 “(1) IN GENERAL.—The Secretary shall con-  
6 duct evaluations of such State programs funded  
7 under this section as the Secretary deems to be in-  
8 novative or of potential national significance. The  
9 evaluation of any such program shall include infor-  
10 mation on the effects of the program on education,  
11 employment, and personal development. To the max-  
12 imum extent practicable, the evaluations shall be  
13 based on rigorous scientific standards including ran-  
14 dom assignment to treatment and control groups.  
15 The Secretary is encouraged to work directly with  
16 State and local governments to design methods for  
17 conducting the evaluations, directly or by grant, con-  
18 tract, or cooperative agreement.

19 “(2) FUNDING OF EVALUATIONS.—The Sec-  
20 retary shall reserve 1.5 percent of the amount speci-  
21 fied in subsection (h) for a fiscal year to carry out,  
22 during the fiscal year, evaluation, technical assist-  
23 ance, performance measurement, and data collection  
24 activities related to this section, directly or through

1 grants, contracts, or cooperative agreements with  
2 appropriate entities.

3 “(h) LIMITATIONS ON AUTHORIZATION OF APPRO-  
4 PRIATIONS.—To carry out this section and for payments  
5 to States under section 474(a)(4), there are authorized to  
6 be appropriated to the Secretary \$140,000,000 for each  
7 fiscal year.”.

8 (c) PAYMENTS TO STATES.—Section 474(a)(4) of  
9 such Act (42 U.S.C. 674(a)(4)) is amended to read as fol-  
10 lows:

11 “(4) the lesser of—

12 “(A) 80 percent of the amount (if any) by  
13 which—

14 “(i) the total amount expended by the  
15 State during the fiscal year in which the  
16 quarter occurs to carry out programs in  
17 accordance with the State application ap-  
18 proved under section 477(b) for the period  
19 in which the quarter occurs (including any  
20 amendment that meets the requirements of  
21 section 477(b)(5)); exceeds

22 “(ii) the total amount of any penalties  
23 assessed against the State under section  
24 477(e) during the fiscal year in which the  
25 quarter occurs; or

1           “(B) the amount allotted to the State  
2           under section 477 for the fiscal year in which  
3           the quarter occurs, reduced by the total of the  
4           amounts payable to the State under this para-  
5           graph for all prior quarters in the fiscal year.”.

6           (d) REGULATIONS.—Not later than 12 months after  
7           the date of the enactment of this Act, the Secretary of  
8           Health and Human Services shall issue such regulations  
9           as may be necessary to carry out the amendments made  
10          by this section.

11          (e) SENSE OF THE CONGRESS.—It is the sense of the  
12          Congress that States should provide medical assistance  
13          under the State plan approved under title XIX of the So-  
14          cial Security Act to 18-, 19-, and 20-year-olds who have  
15          been emancipated from foster care.

## 16           **Subtitle B—Related Foster Care** 17                           **Provision**

### 18          **SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE** 19                           **FOR CHILDREN IN FOSTER CARE.**

20          Section 472(a) of the Social Security Act (42 U.S.C.  
21          672(a)) is amended by adding at the end the following:  
22          “In determining whether a child would have received aid  
23          under a State plan approved under section 402 (as in ef-  
24          fect on July 16, 1996), a child whose resources (deter-  
25          mined pursuant to section 402(a)(7)(B), as so in effect)

1 have a combined value of not more than \$10,000 shall  
2 be considered to be a child whose resources have a com-  
3 bined value of not more than \$1,000 (or such lower  
4 amount as the State may determine for purposes of such  
5 section 402(a)(7)(B)).”.

6 **SEC. 112. PREPARATION OF FOSTER PARENTS TO PROVIDE**  
7 **FOR THE NEEDS OF CHILDREN IN STATE**  
8 **CARE.**

9 (a) STATE PLAN REQUIREMENT.—Section 471(a) of  
10 the Social Security Act (42 U.S.C. 671(a)) is amended—

11 (1) by striking “and” at the end of paragraph  
12 (22);

13 (2) by striking the period at the end of para-  
14 graph (23) and inserting “; and”; and

15 (3) by adding at the end the following:

16 “(24) include a certification that, before a child  
17 in foster care under the responsibility of the State  
18 is placed with prospective foster parents, the pro-  
19 spective foster parents will be prepared adequately  
20 with the appropriate knowledge and skills to provide  
21 for the needs of the child, and that such preparation  
22 will be continued, as necessary, after the placement  
23 of the child.”.

24 (b) EFFECTIVE DATE.—The amendments made by  
25 subsection (a) shall take effect on October 1, 1999.

# 1 Subtitle C—Medicaid Amendments

## 2 SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR 3 ADOLESCENTS LEAVING FOSTER CARE.

4 (a) IN GENERAL.—Title XIX of the Social Security  
5 Act is amended—

6 (1) in section 1902(a)(10)(A)(ii) (42 U.S.C.  
7 1396a(a)(10)(A)(ii))—

8 (A) by striking “or” at the end of sub-  
9 clause (XIII);

10 (B) by adding “or” at the end of subclause  
11 (XIV); and

12 (C) by adding at the end the following new sub-  
13 clause:

14 “(XV) who are independent fos-  
15 ter care adolescents (as defined in  
16 (section 1905(v)(1)), or who are with-  
17 in any reasonable categories of such  
18 adolescents specified by the State;”;  
19 and

20 (2) by adding at the end of section 1905 (42  
21 U.S.C. 1396d) the following new subsection:

22 “(v)(1) For purposes of this title, the term ‘inde-  
23 pendent foster care adolescent’ means an individual—

24 “(A) who is under 21 years of age;

1           “(B) who, on the individual’s 18th birthday,  
2           was in foster care under the responsibility of a  
3           State; and

4           “(C) whose assets, resources, and income do  
5           not exceed such levels (if any) as the State may es-  
6           tablish consistent with paragraph (2).

7           “(2) The levels established by a State under para-  
8           graph (1)(C) may not be less than the corresponding levels  
9           applied by the State under section 1931(b).

10          “(3) A State may limit the eligibility of independent  
11          foster        care        adolescents        under        section  
12          1902(a)(10)(A)(ii)(XV) to those individuals with respect  
13          to whom foster care maintenance payments or inde-  
14          pendent living services were furnished under a program  
15          funded under part E of title IV before the date the individ-  
16          uals attained 18 years of age.”.

17          (b) EFFECTIVE DATE.—The amendments made by  
18          subsection (a) apply to medical assistance for items and  
19          services furnished on or after October 1, 1999.

# 1       **Subtitle D—Adoption Incentive**

## 2                       **Payments**

### 3   **SEC. 131. INCREASED FUNDING FOR ADOPTION INCENTIVE**

#### 4                       **PAYMENTS.**

5       (a) **SUPPLEMENTAL GRANTS.**—Section 473A of the  
6 Social Security Act (42 U.S.C. 673b) is amended by add-  
7 ing at the end the following:

8       “(j) **SUPPLEMENTAL GRANTS.**—

9               “(1) **IN GENERAL.**—Subject to the availability  
10 of such amounts as may be provided in advance in  
11 appropriations Acts, in addition to any amount oth-  
12 erwise payable under this section to any State that  
13 is an incentive-eligible State for fiscal year 1998, the  
14 Secretary shall make a grant to the State in an  
15 amount equal to the lesser of—

16               “(A) the amount by which—

17               “(i) the amount that would have been  
18 payable to the State under this section  
19 during fiscal year 1999 (on the basis of  
20 adoptions in fiscal year 1998) in the ab-  
21 sence of subsection (d)(2) if sufficient  
22 funds had been available for the payment;  
23 exceeds

24               “(ii) the amount that, before the en-  
25 actment of this subsection, was payable to

1 the State under this section during fiscal  
2 year 1999 (on such basis); or

3 “(B) the amount that bears the same ratio  
4 to the dollar amount specified in paragraph (2)  
5 as the amount described by subparagraph (A)  
6 for the State bears to the aggregate of the  
7 amounts described by subparagraph (A) for all  
8 States that are incentive-eligible States for fis-  
9 cal year 1998.

10 “(2) FUNDING.—\$23,000,000 of the amounts  
11 appropriated under subsection (h)(1) for fiscal year  
12 2000 may be used for grants under paragraph (1)  
13 of this subsection.”.

14 (b) LIMITATION ON AUTHORIZATION OF APPROPRIA-  
15 TIONS.—Section 473A(h)(1) of the Social Security Act  
16 (42 U.S.C. 673b(h)(1)) is amended to read as follows:

17 “(1) IN GENERAL.—For grants under sub-  
18 section (a), there are authorized to be appropriated  
19 to the Secretary—

20 “(A) \$20,000,000 for fiscal year 1999;

21 “(B) \$43,000,000 for fiscal year 2000; and

22 “(C) \$20,000,000 for each of fiscal years  
23 2001 through 2003.”.

1                   **TITLE II—SSI FRAUD**  
2                   **PREVENTION**  
3       **Subtitle A—Fraud Prevention and**  
4                   **Related Provisions**

5       **SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR**  
6                   **OVERPAYMENTS TO DECEASED RECIPIENTS.**

7           (a) AMENDMENT TO TITLE II.—Section 204(a)(2) of  
8 the Social Security Act (42 U.S.C. 404(a)(2)) is amended  
9 by adding at the end the following new sentence: “If any  
10 payment of more than the correct amount is made to a  
11 representative payee on behalf of an individual after the  
12 individual’s death, the representative payee shall be liable  
13 for the repayment of the overpayment, and the Commis-  
14 sioner of Social Security shall establish an overpayment  
15 control record under the social security account number  
16 of the representative payee.”.

17           (b) AMENDMENT TO TITLE XVI.—Section  
18 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amend-  
19 ed by adding at the end the following new sentence: “If  
20 any payment of more than the correct amount is made  
21 to a representative payee on behalf of an individual after  
22 the individual’s death, the representative payee shall be  
23 liable for the repayment of the overpayment, and the Com-  
24 missioner of Social Security shall establish an overpay-

1 ment control record under the social security account  
2 number of the representative payee.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to overpayments made 12 months  
5 or more after the date of the enactment of this Act.

6 **SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS**  
7 **FROM LUMP SUM SSI BENEFIT PAYMENTS.**

8 (a) IN GENERAL.—Section 1631(b)(1)(B)(ii) of the  
9 Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is  
10 amended—

11 (1) by inserting “monthly” before “benefit pay-  
12 ments”; and

13 (2) by inserting “and in the case of an indi-  
14 vidual or eligible spouse to whom a lump sum is pay-  
15 able under this title (including under section  
16 1616(a) of this Act or under an agreement entered  
17 into under section 212(a) of Public Law 93-66)  
18 shall, as at least one means of recovering such over-  
19 payment, make the adjustment or recovery from the  
20 lump sum payment in an amount equal to not less  
21 than the lesser of the amount of the overpayment or  
22 50 percent of the lump sum payment,” before “un-  
23 less fraud”.

24 (b) EFFECTIVE DATE.—The amendments made by  
25 this section shall take effect 12 months after the date of

1 the enactment of this Act and shall apply to amounts in-  
2 correctly paid which remain outstanding on or after such  
3 date.

4 **SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.**

5 (a) IN GENERAL.—Section 1631(b) of the Social Se-  
6 curity Act (42 U.S.C. 1383(b)) is amended—

7 (1) by redesignating paragraphs (4) and (5) as  
8 paragraphs (5) and (6), respectively; and

9 (2) by inserting after paragraph (3) the fol-  
10 lowing:

11 “(4)(A) With respect to any delinquent amount, the  
12 Commissioner of Social Security may use the collection  
13 practices described in sections 3711(f), 3716, 3717, and  
14 3718 of title 31, United States Code, and in section 5514  
15 of title 5, United States Code, all as in effect immediately  
16 after the enactment of the Debt Collection Improvement  
17 Act of 1996.

18 “(B) For purposes of subparagraph (A), the term  
19 ‘delinquent amount’ means an amount—

20 “(i) in excess of the correct amount of payment  
21 under this title;

22 “(ii) paid to a person after such person has at-  
23 tained 18 years of age; and

24 “(iii) determined by the Commissioner of Social  
25 Security, under regulations, to be otherwise unre-

1 coverable under this section after such person ceases  
2 to be a beneficiary under this title.”.

3 (b) CONFORMING AMENDMENTS.—Section  
4 3701(d)(2) of title 31, United States Code, is amended  
5 by striking “section 204(f)” and inserting “sections 204(f)  
6 and 1631(b)(4)”.

7 (c) TECHNICAL AMENDMENTS.—Section 204(f) of  
8 the Social Security Act (42 U.S.C. 404(f)) is amended—

9 (1) by striking “3711(e)” and inserting  
10 “3711(f)”; and

11 (2) by inserting “all” before “as in effect”.

12 (d) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to debt outstanding on or after  
14 the date of the enactment of this Act.

15 **SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER IN-**  
16 **FORMATION TO FEDERAL AND FEDERALLY**  
17 **ASSISTED BENEFIT PROGRAMS.**

18 Section 1611(e)(1)(I)(ii)(II) of the Social Security  
19 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by strik-  
20 ing “is authorized to” and inserting “shall”.

1 SEC. 205. RULES RELATING TO COLLECTION OF OVERPAY-  
2 MENTS FROM INDIVIDUALS CONVICTED OF  
3 CRIMES.

4 (a) WAIVERS INAPPLICABLE TO OVERPAYMENTS BY  
5 REASON OF PAYMENT IN MONTHS IN WHICH BENE-  
6 FICIARY IS A PRISONER OR A FUGITIVE.—

7 (1) AMENDMENT TO TITLE II.—Section 204(b)  
8 of the Social Security Act (42 U.S.C. 404(b)) is  
9 amended—

10 (A) by inserting “(1)” after “(b)”; and

11 (B) by adding at the end the following:

12 “(2) Paragraph (1) shall not apply with respect to  
13 any payment to any person made during a month in which  
14 such benefit was not payable under section 202(x).”.

15 (2) AMENDMENT TO TITLE XVI.—Section  
16 1631(b)(1)(B)(i) of such Act (42 U.S.C.  
17 1383(b)(1)(B)(i)) is amended by inserting “unless  
18 (I) section 1611(e)(1) prohibits payment to the per-  
19 son of a benefit under this title for the month by  
20 reason of confinement of a type described in clause  
21 (i) or (ii) of section 202(x)(1)(A), or (II) section  
22 1611(e)(5) prohibits payment to the person of a  
23 benefit under this title for the month,” after “ad-  
24 ministration of this title,”.

25 (b) TEN-YEAR PERIOD OF INELIGIBILITY FOR PER-  
26 SONS FAILING TO NOTIFY COMMISSIONER OF OVERPAY-

1 MENTS IN MONTHS IN WHICH BENEFICIARY IS A PRIS-  
2 ONER OR A FUGITIVE OR FAILING TO COMPLY WITH RE-  
3 PAYMENT SCHEDULE FOR SUCH OVERPAYMENTS.—

4 (1) AMENDMENT TO TITLE II.—Section 202(x)  
5 of such Act (42 U.S.C. 402(x)) is amended by add-  
6 ing at the end the following:

7 “(4)(A) No person shall be considered entitled to  
8 monthly insurance benefits under this section based on the  
9 person’s disability or to disability insurance benefits under  
10 section 223 otherwise payable during the 10-year period  
11 that begins on the date the person—

12 “(i) knowingly fails to timely notify the Com-  
13 missioner of Social Security, in connection with any  
14 application for benefits under this title, of any prior  
15 receipt by such person of any benefit under this title  
16 or title XVI in any month in which such benefit was  
17 not payable under the preceding provisions of this  
18 subsection; or

19 “(ii) knowingly fails to comply with any sched-  
20 ule imposed by the Commissioner which is for repay-  
21 ment of overpayments comprised of payments de-  
22 scribed in subparagraph (A) and which is in compli-  
23 ance with section 204.

24 “(B) The Commissioner of Social Security shall, in  
25 addition to any other relevant factors, take into account

1 any mental or linguistic limitations of a person (including  
2 any lack of facility with the English language) in deter-  
3 mining whether the person has knowingly failed to comply  
4 with a requirement of clause (i) or (ii) of subparagraph  
5 (A).”.

6 (2) AMENDMENT TO TITLE XVI.—Section  
7 1611(e)(1) of such Act (42 U.S.C. 1382(e)(1)) is  
8 amended by adding at the end the following:

9 “(J)(i) A person shall not be considered an eligible  
10 individual or eligible spouse for purposes of benefits under  
11 this title by reason of disability, during the 10-year period  
12 that begins on the date the person—

13 “(I) knowingly fails to timely notify the Com-  
14 missioner of Social Security, in an application for  
15 benefits under this title, of any prior receipt by the  
16 person of a benefit under this title or title II in a  
17 month in which payment to the person of a benefit  
18 under this title was prohibited by—

19 “(aa) the preceding provisions of this para-  
20 graph by reason of confinement of a type de-  
21 scribed in clause (i) or (ii) of section  
22 202(x)(1)(A); or

23 “(bb) section 1611(e)(4); or

24 “(II) knowingly fails to comply with any sched-  
25 ular imposed by the Commissioner which is for repay-

1       ment of overpayments comprised of payments de-  
2       scribed in clause (i) of this subparagraph and which  
3       is in compliance with section 1631(b).

4       “(ii) The Commissioner of Social Security shall, in  
5       addition to any other relevant factors, take into account  
6       any mental or linguistic limitations of a person (including  
7       any lack of facility with the English language) in deter-  
8       mining whether the person has knowingly failed to comply  
9       with a requirement of subclause (I) or (II) of clause (i).”.

10       (c) CONTINUED COLLECTION EFFORTS AGAINST  
11       PRISONERS.—

12               (1) AMENDMENT TO TITLE II.—Section 204(b)  
13       of such Act (42 U.S.C. 404(b)), as amended by sub-  
14       section (a)(1) of this section, is amended further by  
15       adding at the end the following new paragraph:

16       “(3) The Commissioner shall not refrain from recov-  
17       ering overpayments from resources currently available to  
18       any overpaid person or to such person’s estate solely be-  
19       cause such individual is confined as described in clause  
20       (i) or (ii) of section 202(x)(1)(A).”.

21               (2) AMENDMENT TO TITLE XVI.—Section  
22       1631(b)(1)(A) of such Act (42 U.S.C.  
23       1383(b)(1)(A)) is amended by adding after and  
24       below clause (ii) the following flush left sentence:

1 “The Commissioner shall not refrain from recovering over-  
2 payments from resources currently available to any indi-  
3 vidual solely because the individual is confined as de-  
4 scribed in clause (i) or (ii) of section 202(x)(1)(A).”.

5 (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to overpayments made in, and to  
7 benefits payable for, months beginning 24 months or more  
8 after the date of the enactment of this Act.

9 **SEC. 206. TREATMENT OF ASSETS HELD IN TRUST UNDER**  
10 **THE SSI PROGRAM.**

11 (a) TREATMENT AS RESOURCE.—Section 1613 of the  
12 Social Security Act (42 U.S.C. 1382b) is amended by add-  
13 ing at the end the following:

14 “Trusts

15 “(e)(1) In determining the resources of an individual,  
16 paragraph (3) shall apply to a trust (other than a trust  
17 described in paragraph (5)) established by the individual.

18 “(2)(A) For purposes of this subsection, an individual  
19 shall be considered to have established a trust if any assets  
20 of the individual (or of the individual’s spouse) are trans-  
21 ferred to the trust other than by will.

22 “(B) In the case of an irrevocable trust to which are  
23 transferred the assets of an individual (or of the individ-  
24 ual’s spouse) and the assets of any other person, this sub-  
25 section shall apply to the portion of the trust attributable

1 to the assets of the individual (or of the individual's  
2 spouse).

3 “(C) This subsection shall apply to a trust without  
4 regard to—

5 “(i) the purposes for which the trust is estab-  
6 lished;

7 “(ii) whether the trustees have or exercise any  
8 discretion under the trust;

9 “(iii) any restrictions on when or whether dis-  
10 tributions may be made from the trust; or

11 “(iv) any restrictions on the use of distributions  
12 from the trust.

13 “(3)(A) In the case of a revocable trust established  
14 by an individual, the corpus of the trust shall be consid-  
15 ered a resource available to the individual.

16 “(B) In the case of an irrevocable trust established  
17 by an individual, if there are any circumstances under  
18 which payment from the trust could be made to or for  
19 the benefit of the individual or the individual's spouse, the  
20 portion of the corpus from which payment to or for the  
21 benefit of the individual or the individual's spouse could  
22 be made shall be considered a resource available to the  
23 individual.

24 “(4) The Commissioner of Social Security may waive  
25 the application of this subsection with respect to an indi-

1 vidual if the Commissioner determines that such applica-  
2 tion would work an undue hardship (as determined on the  
3 basis of criteria established by the Commissioner) on the  
4 individual.

5 “(5) This subsection shall not apply to a trust de-  
6 scribed in subparagraph (A) or (C) of section 1917(d)(4).

7 “(6) For purposes of this subsection—

8 “(A) the term ‘trust’ includes any legal instru-  
9 ment or device that is similar to a trust;

10 “(B) the term ‘corpus’ means, with respect to  
11 a trust, all property and other interests held by the  
12 trust, including accumulated earnings and any other  
13 addition to the trust after its establishment (except  
14 that such term does not include any such earnings  
15 or addition in the month in which the earnings or  
16 addition is credited or otherwise transferred to the  
17 trust); and

18 “(C) the term ‘asset’ includes any income or re-  
19 source of the individual or of the individual’s spouse,  
20 including—

21 “(i) any income excluded by section  
22 1612(b);

23 “(ii) any resource otherwise excluded by  
24 this section; and

1           “(iii) any other payment or property to  
2           which the individual or the individual’s spouse  
3           is entitled but does not receive or have access  
4           to because of action by—

5                     “(I) the individual or spouse;

6                     “(II) a person or entity (including a  
7                     court) with legal authority to act in place  
8                     of, or on behalf of, the individual or  
9                     spouse; or

10                    “(III) a person or entity (including a  
11                    court) acting at the direction of, or on the  
12                    request of, the individual or spouse.”.

13           (b) TREATMENT AS INCOME.—Section 1612(a)(2) of  
14 such Act (42 U.S.C. 1382a(a)(2)) is amended—

15                    (1) by striking “and” at the end of subpara-  
16                    graph (E);

17                    (2) by striking the period at the end of sub-  
18                    paragraph (F) and inserting “; and”; and

19                    (3) by adding at the end the following:

20                    “(G) any earnings of, and additions to, the cor-  
21                    pus of a trust established by an individual (within  
22                    the meaning of section 1613(e)), of which the indi-  
23                    vidual is a beneficiary, to which section 1613(e) ap-  
24                    plies, and, in the case of an irrevocable trust, with  
25                    respect to which circumstances exist under which a

1 payment from the earnings or additions could be  
2 made to or for the benefit of the individual.”.

3 (c) CONFORMING AMENDMENTS.—Section  
4 1902(a)(10) of the Social Security Act (42 U.S.C.  
5 1396a(a)(10)) is amended—

6 (1) by striking “and” at the end of subpara-  
7 graph (E);

8 (2) by adding “and” at the end of subpara-  
9 graph (F); and

10 (3) by inserting after subparagraph (F) the fol-  
11 lowing:

12 “(G) that, in applying eligibility criteria of  
13 the supplemental security income program  
14 under title XVI for purposes of determining eli-  
15 gibility for medical assistance under the State  
16 plan of an individual who is not receiving sup-  
17 plemental security income, the State will dis-  
18 regard the provisions of section 1613(e);”.

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall take effect on January 1, 2000, and shall  
21 apply to trusts established on or after such date.

22 **SEC. 207. DISPOSAL OF RESOURCES FOR LESS THAN FAIR**  
23 **MARKET VALUE UNDER THE SSI PROGRAM.**

24 (a) IN GENERAL.—Section 1613(c) of the Social Se-  
25 curity Act (42 U.S.C. 1382b(c)) is amended—

1 (1) in the caption, by striking “Notification of  
2 Medicaid Policy Restricting Eligibility of Institu-  
3 tionalized Individuals for Benefits Based on”;

4 (2) in paragraph (1)—

5 (A) in subparagraph (A)—

6 (i) by inserting “paragraph (1) and”  
7 after “provisions of”;

8 (ii) by striking “title XIX” the first  
9 place it appears and inserting “this title  
10 and title XIX, respectively,”;

11 (iii) by striking “subparagraph (B)”  
12 and inserting “clause (ii)”;

13 (iv) by striking “paragraph (2)” and  
14 inserting “subparagraph (B)”;

15 (B) in subparagraph (B)—

16 (i) by striking “by the State agency”;  
17 and

18 (ii) by striking “section 1917(c)” and  
19 all that follows and inserting “paragraph  
20 (1) or section 1917(c).”; and

21 (C) by redesignating subparagraphs (A)  
22 and (B) as clauses (i) and (ii), respectively;

23 (3) in paragraph (2)—

24 (A) by striking “(2)” and inserting “(B)”;

25 and

1 (B) by striking “paragraph (1)(B)” and  
2 inserting “subparagraph (A)(ii)”;

3 (4) by striking “(c)(1)” and inserting “(2)(A)”;

4 and

5 (5) by inserting before paragraph (2) (as so re-  
6 designated by paragraph (4) of this subsection) the  
7 following:

8 “(c)(1)(A)(i) If an individual or the spouse of an indi-  
9 vidual disposes of resources for less than fair market value  
10 on or after the look-back date described in clause (ii)(I),  
11 the individual is ineligible for benefits under this title for  
12 months during the period beginning on the date described  
13 in clause (iii) and equal to the number of months cal-  
14 culated as provided in clause (iv).

15 “(ii)(I) The look-back date described in this sub-  
16 clause is a date that is 36 months before the date de-  
17 scribed in subclause (II).

18 “(II) The date described in this subclause is the date  
19 on which the individual applies for benefits under this title  
20 or, if later, the date on which the individual (or the spouse  
21 of the individual) disposes of resources for less than fair  
22 market value.

23 “(iii) The date described in this clause is the first  
24 day of the first month in or after which resources were  
25 disposed of for less than fair market value and which does

1 not occur in any other period of ineligibility under this  
2 paragraph.

3 “(iv) The number of months calculated under this  
4 clause shall be equal to—

5 “(I) the total, cumulative uncompensated value  
6 of all resources so disposed of by the individual (or  
7 the spouse of the individual) on or after the look-  
8 back date described in clause (ii)(I); divided by

9 “(II) the amount of the maximum monthly ben-  
10 efit payable under section 1611(b), plus the amount  
11 (if any) of the maximum State supplementary pay-  
12 ment corresponding to the State’s payment level ap-  
13 plicable to the individual’s living arrangement and  
14 eligibility category that would otherwise be payable  
15 to the individual by the Commissioner pursuant to  
16 an agreement under section 1616(a) of this Act or  
17 section 212(b) of Public Law 93–66, for the month  
18 in which occurs the date described in clause (ii)(II),  
19 rounded, in the case of any fraction, to the nearest whole  
20 number, but shall not in any case exceed 36 months.

21 “(B)(i) Notwithstanding subparagraph (A), this sub-  
22 section shall not apply to a transfer of a resource to a  
23 trust if the portion of the trust attributable to the resource  
24 is considered a resource available to the individual pursu-

1 ant to subsection (e)(3) (or would be so considered but  
2 for the application of subsection (e)(4)).

3 “(ii) In the case of a trust established by an indi-  
4 vidual or an individual’s spouse (within the meaning of  
5 subsection (e)), if from such portion of the trust, if any,  
6 that is considered a resource available to the individual  
7 pursuant to subsection (e)(3) (or would be so considered  
8 but for the application of subsection (e)(4)) or the residue  
9 of the portion on the termination of the trust—

10 “(I) there is made a payment other than to or  
11 for the benefit of the individual; or

12 “(II) no payment could under any circumstance  
13 be made to the individual,

14 then, for purposes of this subsection, the payment de-  
15 scribed in clause (I) or the foreclosure of payment de-  
16 scribed in clause (II) shall be considered a transfer of re-  
17 sources by the individual or the individual’s spouse as of  
18 the date of the payment or foreclosure, as the case may  
19 be.

20 “(C) An individual shall not be ineligible for benefits  
21 under this title by reason of the application of this para-  
22 graph to a disposal of resources by the individual or the  
23 spouse of the individual, to the extent that—

24 “(i) the resources are a home and title to the  
25 home was transferred to—

1           “(I) the spouse of the transferor;

2           “(II) a child of the transferor who has not  
3 attained 21 years of age, or is blind or disabled;

4           “(III) a sibling of the transferor who has  
5 an equity interest in such home and who was  
6 residing in the transferor’s home for a period of  
7 at least 1 year immediately before the date the  
8 transferor becomes an institutionalized indi-  
9 vidual; or

10           “(IV) a son or daughter of the transferor  
11 (other than a child described in subclause (II))  
12 who was residing in the transferor’s home for  
13 a period of at least 2 years immediately before  
14 the date the transferor becomes an institu-  
15 tionalized individual, and who provided care to  
16 the transferor which permitted the transferor to  
17 reside at home rather than in such an institu-  
18 tion or facility;

19           “(ii) the resources—

20           “(I) were transferred to the transferor’s  
21 spouse or to another for the sole benefit of the  
22 transferor’s spouse;

23           “(II) were transferred from the trans-  
24 feror’s spouse to another for the sole benefit of  
25 the transferor’s spouse;

1           “(III) were transferred to, or to a trust  
2           (including a trust described in section  
3           1917(d)(4)) established solely for the benefit of,  
4           the transferor’s child who is blind or disabled;  
5           or

6           “(IV) were transferred to a trust (includ-  
7           ing a trust described in section 1917(d)(4)) es-  
8           tablished solely for the benefit of an individual  
9           who has not attained 65 years of age and who  
10          is disabled;

11          “(iii) a satisfactory showing is made to the  
12          Commissioner of Social Security (in accordance with  
13          regulations promulgated by the Commissioner)  
14          that—

15               “(I) the individual who disposed of the re-  
16               sources intended to dispose of the resources ei-  
17               ther at fair market value, or for other valuable  
18               consideration;

19               “(II) the resources were transferred exclu-  
20               sively for a purpose other than to qualify for  
21               benefits under this title; or

22               “(III) all resources transferred for less  
23               than fair market value have been returned to  
24               the transferor; or

1           “(iv) the Commissioner determines, under pro-  
2           cedures established by the Commissioner, that the  
3           denial of eligibility would work an undue hardship as  
4           determined on the basis of criteria established by the  
5           Commissioner.

6           “(D) For purposes of this subsection, in the case of  
7           a resource held by an individual in common with another  
8           person or persons in a joint tenancy, tenancy in common,  
9           or similar arrangement, the resource (or the affected por-  
10          tion of such resource) shall be considered to be disposed  
11          of by the individual when any action is taken, either by  
12          the individual or by any other person, that reduces or  
13          eliminates the individual’s ownership or control of such re-  
14          source.

15          “(E) In the case of a transfer by the spouse of an  
16          individual that results in a period of ineligibility for the  
17          individual under this subsection, the Commissioner shall  
18          apportion the period (or any portion of the period) among  
19          the individual and the individual’s spouse if the spouse be-  
20          comes eligible for benefits under this title.

21          “(F) For purposes of this paragraph—

22                  “(i) the term ‘benefits under this title’ includes  
23                  payments of the type described in section 1616(a) of  
24                  this Act and of the type described in section 212(b)  
25                  of Public Law 93–66;

1           “(ii) the term ‘institutionalized individual’ has  
2           the meaning given such term in section 1917(e)(3);  
3           and

4           “(iii) the term ‘trust’ has the meaning given  
5           such term in subsection (e)(6)(A) of this section.”.

6           (b)       CONFORMING        AMENDMENT.—Section  
7           1902(a)(10) of the Social Security Act (42 U.S.C.  
8           1396a(a)(10)), as amended by section 206(e) of this Act,  
9           is amended by striking “section 1613(e)” and inserting  
10          “subsections (c) and (e) of section 1613”.

11          (c) EFFECTIVE DATE.—The amendments made by  
12          this section shall be effective with respect to disposals  
13          made on or after the date of the enactment of this Act.

14   **SEC. 208. ADMINISTRATIVE PROCEDURE FOR IMPOSING**  
15                   **PENALTIES FOR FALSE OR MISLEADING**  
16                   **STATEMENTS.**

17          (a) IN GENERAL.—Part A of title XI of the Social  
18          Security Act (42 U.S.C. 1301 et seq.) is amended by in-  
19          serting after section 1129 the following:

20   **“SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING**  
21                   **PENALTIES FOR FALSE OR MISLEADING**  
22                   **STATEMENTS.**

23          “(a) IN GENERAL.—Any person who makes, or  
24          causes to be made, a statement or representation of a ma-

1 terial fact for use in determining any initial or continuing  
2 right to or the amount of—

3           “(1) monthly insurance benefits under title II;

4           or

5           “(2) benefits or payments under title XVI,

6 that the person knows or should know is false or mis-  
7 leading or knows or should know omits a material fact  
8 or makes such a statement with knowing disregard for the  
9 truth shall be subject to, in addition to any other penalties  
10 that may be prescribed by law, a penalty described in sub-  
11 section (b) to be imposed by the Commissioner of Social  
12 Security.

13           “(b) PENALTY.—The penalty described in this sub-  
14 section is—

15           “(1) nonpayment of benefits under title II that  
16           would otherwise be payable to the person; and

17           “(2) ineligibility for cash benefits under title  
18           XVI,

19 for each month that begins during the applicable period  
20 described in subsection (c).

21           “(c) DURATION OF PENALTY.—The duration of the  
22 applicable period, with respect to a determination by the  
23 Commissioner under subsection (a) that a person has en-  
24 gaged in conduct described in subsection (a), shall be—

1           “(1) six consecutive months, in the case of a  
2 first such determination with respect to the person;

3           “(2) twelve consecutive months, in the case of  
4 a second such determination with respect to the per-  
5 son; and

6           “(3) twenty-four consecutive months, in the  
7 case of a third or subsequent such determination  
8 with respect to the person.

9           “(d) EFFECT ON OTHER ASSISTANCE.—A person  
10 subject to a period of nonpayment of benefits under title  
11 II or ineligibility for title XVI benefits by reason of this  
12 section nevertheless shall be considered to be eligible for  
13 and receiving such benefits, to the extent that the person  
14 would be receiving or eligible for such benefits but for the  
15 imposition of the penalty, for purposes of—

16           “(1) determination of the eligibility of the per-  
17 son for benefits under titles XVIII and XIX; and

18           “(2) determination of the eligibility or amount  
19 of benefits payable under title II or XVI to another  
20 person.

21           “(e) DEFINITION.—In this section, the term ‘benefits  
22 under title XVI’ includes State supplementary payments  
23 made by the Commissioner pursuant to an agreement  
24 under section 1616(a) of this Act or section 212(b) of  
25 Public Law 93-66.

1       “(f) CONSULTATIONS.—The Commissioner of Social  
2 Security shall consult with the Inspector General of the  
3 Social Security Administration regarding initiating actions  
4 under this section.”.

5       (b) CONFORMING AMENDMENT PRECLUDING DE-  
6 LAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH  
7 A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Sec-  
8 tion 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B))  
9 is amended—

10           (1) by striking “and” at the end of clause (i);

11           (2) by striking the period at the end of clause

12           (ii) and inserting “, and”; and

13           (3) by adding at the end the following:

14                   “(iii) such individual was not subject to a  
15                   penalty imposed under section 1129A.”.

16       (c) ELIMINATION OF REDUNDANT PROVISION.—Sec-  
17 tion 1611(e) of such Act (42 U.S.C. 1382(e)) is  
18 amended—

19           (1) by striking paragraph (4);

20           (2) in paragraph (6)(A)(i), by striking “(5)”  
21           and inserting “(4)”; and

22           (3) by redesignating paragraphs (5) and (6) as  
23           paragraphs (4) and (5), respectively.

24       (d) REGULATIONS.—Within 6 months after the date  
25 of the enactment of this Act, the Commissioner of Social

1 Security shall develop regulations that prescribe the ad-  
2 ministrative process for making determinations under sec-  
3 tion 1129A of the Social Security Act (including when the  
4 applicable period in subsection (c) of such section shall  
5 commence), and shall provide guidance on the exercise of  
6 discretion as to whether the penalty should be imposed  
7 in particular cases.

8 (e) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to statements and representations  
10 made on or after the date of the enactment of this Act.

11 **SEC. 209. EXCLUSION OF REPRESENTATIVES AND HEALTH**  
12 **CARE PROVIDERS CONVICTED OF VIOLA-**  
13 **TIONS FROM PARTICIPATION IN SOCIAL SE-**  
14 **CURITY PROGRAMS.**

15 (a) IN GENERAL.—Part A of title XI of the Social  
16 Security Act (42 U.S.C. 1301–1320b–17) is amended by  
17 adding at the end the following:

18 “EXCLUSION OF REPRESENTATIVES AND HEALTH CARE  
19 PROVIDERS CONVICTED OF VIOLATIONS FROM PAR-  
20 TICIPATION IN SOCIAL SECURITY PROGRAMS

21 “SEC. 1148. (a) IN GENERAL.—The Commissioner  
22 of Social Security shall exclude from participation in the  
23 social security programs any representative or health care  
24 provider—

25 “(1) who is convicted of a violation of section  
26 208 or 1632 of this Act;

1           “(2) who is convicted of any violation under  
2 title 18, United States Code, relating to an initial  
3 application for or continuing entitlement to, or  
4 amount of, benefits under title II of this Act, or an  
5 initial application for or continuing eligibility for, or  
6 amount of, benefits under title XVI of this Act; or

7           “(3) who the Commissioner determines has  
8 committed an offense described in section  
9 1129(a)(1) of this Act.

10          “(b) NOTICE, EFFECTIVE DATE, AND PERIOD OF  
11 EXCLUSION.—(1) An exclusion under this section shall be  
12 effective at such time, for such period, and upon such rea-  
13 sonable notice to the public and to the individual excluded  
14 as may be specified in regulations consistent with para-  
15 graph (2).

16          “(2) Such an exclusion shall be effective with respect  
17 to services furnished to any individual on or after the ef-  
18 fective date of the exclusion. Nothing in this section may  
19 be construed to preclude, in determining disability under  
20 title II or title XVI, consideration of any medical evidence  
21 derived from services provided by a health care provider  
22 before the effective date of the exclusion of the health care  
23 provider under this section.

1       “(3)(A) The Commissioner shall specify, in the notice  
2 of exclusion under paragraph (1), the period of the exclu-  
3 sion.

4       “(B) Subject to subparagraph (C), in the case of an  
5 exclusion under subsection (a), the minimum period of ex-  
6 clusion shall be five years, except that the Commissioner  
7 may waive the exclusion in the case of an individual who  
8 is the sole source of essential services in a community. The  
9 Commissioner’s decision whether to waive the exclusion  
10 shall not be reviewable.

11       “(C) In the case of an exclusion of an individual  
12 under subsection (a) based on a conviction or a determina-  
13 tion described in subsection (a)(3) occurring on or after  
14 the date of the enactment of this section, if the individual  
15 has (before, on, or after such date of the enactment) been  
16 convicted, or if such a determination has been made with  
17 respect to the individual—

18               “(i) on one previous occasion of one or more of-  
19 fenses for which an exclusion may be effected under  
20 such subsection, the period of the exclusion shall be  
21 not less than 10 years; or

22               “(ii) on two or more previous occasions of one  
23 or more offenses for which an exclusion may be ef-  
24 fected under such subsection, the period of the ex-  
25 clusion shall be permanent.

1       “(c) NOTICE TO STATE AGENCIES.—The Commis-  
2 sioner shall promptly notify each appropriate State agency  
3 employed for the purpose of making disability determina-  
4 tions under section 221 or 1633(a)—

5               “(1) of the fact and circumstances of each ex-  
6 clusion effected against an individual under this sec-  
7 tion; and

8               “(2) of the period (described in subsection  
9 (b)(3)) for which the State agency is directed to ex-  
10 clude the individual from participation in the activi-  
11 ties of the State agency in the course of its employ-  
12 ment.

13       “(d) NOTICE TO STATE LICENSING AGENCIES.—The  
14 Commissioner shall—

15               “(1) promptly notify the appropriate State or  
16 local agency or authority having responsibility for  
17 the licensing or certification of an individual ex-  
18 cluded from participation under this section of the  
19 fact and circumstances of the exclusion;

20               “(2) request that appropriate investigations be  
21 made and sanctions invoked in accordance with ap-  
22 plicable State law and policy; and

23               “(3) request that the State or local agency or  
24 authority keep the Commissioner and the Inspector  
25 General of the Social Security Administration fully

1 and currently informed with respect to any actions  
2 taken in response to the request.

3 “(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—

4 (1) Any individual who is excluded (or directed to be ex-  
5 cluded) from participation under this section is entitled  
6 to reasonable notice and opportunity for a hearing thereon  
7 by the Commissioner to the same extent as is provided  
8 in section 205(b), and to judicial review of the Commis-  
9 sioner’s final decision after such hearing as is provided  
10 in section 205(g).

11 “(2) The provisions of section 205(h) shall apply with  
12 respect to this section to the same extent as it is applicable  
13 with respect to title II.

14 “(f) APPLICATION FOR TERMINATION OF EXCLU-  
15 SION.—(1) An individual excluded from participation  
16 under this section may apply to the Commissioner, in the  
17 manner specified by the Commissioner in regulations and  
18 at the end of the minimum period of exclusion provided  
19 under subsection (b)(3) and at such other times as the  
20 Commissioner may provide, for termination of the exclu-  
21 sion effected under this section.

22 “(2) The Commissioner may terminate the exclusion  
23 if the Commissioner determines, on the basis of the con-  
24 duct of the applicant which occurred after the date of the

1 notice of exclusion or which was unknown to the Commis-  
2 sioner at the time of the exclusion, that—

3           “(A) there is no basis under subsection (a) for  
4 a continuation of the exclusion; and

5           “(B) there are reasonable assurances that the  
6 types of actions which formed the basis for the origi-  
7 nal exclusion have not recurred and will not recur.

8           “(3) The Commissioner shall promptly notify each  
9 State agency employed for the purpose of making dis-  
10 ability determinations under section 221 or 1633(a) of the  
11 fact and circumstances of each termination of exclusion  
12 made under this subsection.

13           “(g) AVAILABILITY OF RECORDS OF EXCLUDED  
14 REPRESENTATIVES AND HEALTH CARE PROVIDERS.—  
15 Nothing in this section shall be construed to have the ef-  
16 fect of limiting access by any applicant or beneficiary  
17 under title II or XVI, any State agency acting under sec-  
18 tion 221 or 1633(a), or the Commissioner to records main-  
19 tained by any representative or health care provider in  
20 connection with services provided to the applicant or bene-  
21 ficiary prior to the exclusion of such representative or  
22 health care provider under this section.

23           “(h) REPORTING REQUIREMENT.—Any representa-  
24 tive or health care provider participating in, or seeking  
25 to participate in, a social security program shall inform

1 the Commissioner, in such form and manner as the Com-  
2 missioner shall prescribe by regulation, whether such rep-  
3 resentative or health care provider has been convicted of  
4 a violation described in subsection (a).

5 “(i) DELEGATION OF AUTHORITY.—The Commis-  
6 sioner may delegate authority granted by this section to  
7 the Inspector General.

8 “(j) DEFINITIONS.—For purposes of this section:

9 “(1) EXCLUDE.—The term ‘exclude’ from par-  
10 ticipation means—

11 “(A) in connection with a representative,  
12 to prohibit from engaging in representation of  
13 an applicant for, or recipient of, benefits, as a  
14 representative payee under section 205(j) or  
15 1631(a)(2)(A)(ii), or otherwise as a representa-  
16 tive, in any hearing or other proceeding relating  
17 to entitlement to benefits; and

18 “(B) in connection with a health care pro-  
19 vider, to prohibit from providing items or serv-  
20 ices to an applicant for, or recipient of, benefits  
21 for the purpose of assisting such applicant or  
22 recipient in demonstrating disability.

23 “(2) SOCIAL SECURITY PROGRAM.—The term  
24 ‘social security programs’ means the program pro-  
25 viding for monthly insurance benefits under title II,

1 and the program providing for monthly supplemental  
2 security income benefits to individuals under title  
3 XVI (including State supplementary payments made  
4 by the Commissioner pursuant to an agreement  
5 under section 1616(a) of this Act or section 212(b)  
6 of Public Law 93-66).

7 “(3) CONVICTED.—An individual is considered  
8 to have been ‘convicted’ of a violation—

9 “(A) when a judgment of conviction has  
10 been entered against the individual by a Fed-  
11 eral, State, or local court, except if the judg-  
12 ment of conviction has been set aside or ex-  
13 punged;

14 “(B) when there has been a finding of  
15 guilt against the individual by a Federal, State,  
16 or local court;

17 “(C) when a plea of guilty or nolo  
18 contendere by the individual has been accepted  
19 by a Federal, State, or local court; or

20 “(D) when the individual has entered into  
21 participation in a first offender, deferred adju-  
22 dication, or other arrangement or program  
23 where judgment of conviction has been with-  
24 held.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply with respect to convictions of viola-  
3 tions described in paragraphs (1) and (2) of section  
4 1148(a) of the Social Security Act and determinations de-  
5 scribed in paragraph (3) of such section occurring on or  
6 after the date of the enactment of this Act.

7 **SEC. 210. STATE DATA EXCHANGES.**

8 Whenever the Commissioner of Social Security re-  
9 quests information from a State for the purpose of  
10 ascertaining an individual's eligibility for benefits (or the  
11 correct amount of such benefits) under title II or XVI of  
12 the Social Security Act, the standards of the Commis-  
13 sioner promulgated pursuant to section 1106 of such Act  
14 or any other Federal law for the use, safeguarding, and  
15 disclosure of information are deemed to meet any stand-  
16 ards of the State that would otherwise apply to the disclo-  
17 sure of information by the State to the Commissioner.

18 **SEC. 211. STUDY ON POSSIBLE MEASURES TO IMPROVE**  
19 **FRAUD PREVENTION AND ADMINISTRATIVE**  
20 **PROCESSING.**

21 (a) STUDY.—As soon as practicable after the date of  
22 the enactment of this Act, the Commissioner of Social Se-  
23 curity, in consultation with the Inspector General of the  
24 Social Security Administration and the Attorney General,  
25 shall conduct a study of possible measures to improve—

1           (1) prevention of fraud on the part of individ-  
2           uals entitled to disability benefits under section 223  
3           of the Social Security Act or benefits under section  
4           202 of such Act based on the beneficiary's disability,  
5           individuals eligible for supplemental security income  
6           benefits under title XVI of such Act, and applicants  
7           for any such benefits; and

8           (2) timely processing of reported income  
9           changes by individuals receiving such benefits.

10          (b) REPORT.—Not later than 1 year after the date  
11 of the enactment of this Act, the Commissioner shall sub-  
12 mit to the Committee on Ways and Means of the House  
13 of Representatives and the Committee on Finance of the  
14 Senate a written report that contains the results of the  
15 Commissioner's study under subsection (a). The report  
16 shall contain such recommendations for legislative and ad-  
17 ministrative changes as the Commissioner considers ap-  
18 propriate.

19 **SEC. 212. ANNUAL REPORT ON AMOUNTS NECESSARY TO**  
20 **COMBAT FRAUD.**

21          (a) IN GENERAL.—Section 704(b)(1) of the Social  
22 Security Act (42 U.S.C. 904(b)(1)) is amended—

23               (1) by inserting “(A)” after “(b)(1)”; and

24               (2) by adding at the end the following new sub-  
25          paragraph:

1       “(B) The Commissioner shall include in the annual  
2 budget prepared pursuant to subparagraph (A) an  
3 itemization of the amount of funds required by the Social  
4 Security Administration for the fiscal year covered by the  
5 budget to support efforts to combat fraud committed by  
6 applicants and beneficiaries.”.

7       (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply with respect to annual budgets pre-  
9 pared for fiscal years after fiscal year 1999.

10 **SEC. 213. COMPUTER MATCHES WITH MEDICARE AND MED-**  
11 **ICAID INSTITUTIONALIZATION DATA.**

12       (a) IN GENERAL.—Section 1611(e)(1) of the Social  
13 Security Act (42 U.S.C. 1382(e)(1)), as amended by sec-  
14 tion 205(b)(2) of this Act, is further amended by adding  
15 at the end the following:

16       “(K) For the purpose of carrying out this paragraph,  
17 the Commissioner of Social Security shall conduct periodic  
18 computer matches with data maintained by the Secretary  
19 of Health and Human Services under title XVIII or XIX.  
20 The Secretary shall furnish to the Commissioner, in such  
21 form and manner and under such terms as the Commis-  
22 sioner and the Secretary shall mutually agree, such infor-  
23 mation as the Commissioner may request for this purpose.  
24 Information obtained pursuant to such a match may be

1 substituted for the physician's certification otherwise re-  
2 quired under subparagraph (G)(i).”.

3 (b) CONFORMING AMENDMENT.—Section  
4 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is  
5 amended by striking “subparagraph (H)” and inserting  
6 “subparagraph (H) or (K)”.

7 **SEC. 214. ACCESS TO INFORMATION HELD BY FINANCIAL**  
8 **INSTITUTIONS.**

9 Section 1631(e)(1)(B) of the Social Security Act (42  
10 U.S.C. 1383(e)(1)(B)) is amended—

11 (1) by striking “(B) The” and inserting “(B)(i)  
12 The”; and

13 (2) by adding at the end the following new  
14 clause:

15 “(ii)(I) The Commissioner of Social Security may re-  
16 quire each applicant for, or recipient of, benefits under  
17 this title to provide authorization by the applicant or re-  
18 cipient (or by any other person whose income or resources  
19 are material to the determination of the eligibility of the  
20 applicant or recipient for such benefits) for the Commis-  
21 sioner to obtain (subject to the cost reimbursement re-  
22 quirements of section 1115(a) of the Right to Financial  
23 Privacy Act) from any financial institution (within the  
24 meaning of section 1101(1) of such Act) any financial  
25 record (within the meaning of section 1101(2) of such

1 Act) held by the institution with respect to the applicant  
2 or recipient (or any such other person) whenever the Com-  
3 missioner determines the record is needed in connection  
4 with a determination with respect to such eligibility or the  
5 amount of such benefits.

6 “(II) Notwithstanding section 1104(a)(1) of the  
7 Right to Financial Privacy Act, an authorization provided  
8 by an applicant or recipient (or any other person whose  
9 income or resources are material to the determination of  
10 the eligibility of the applicant or recipient) pursuant to  
11 subclause (I) of this clause shall remain effective until the  
12 earliest of—

13 “(aa) the rendering of a final adverse decision  
14 on the applicant’s application for eligibility for bene-  
15 fits under this title;

16 “(bb) the cessation of the recipient’s eligibility  
17 for benefits under this title; or

18 “(cc) the express revocation by the applicant or  
19 recipient (or such other person referred to in sub-  
20 clause (I)) of the authorization, in a written notifica-  
21 tion to the Commissioner.

22 “(III)(aa) An authorization obtained by the Commis-  
23 sioner of Social Security pursuant to this clause shall be  
24 considered to meet the requirements of the Right to Fi-  
25 nancial Privacy Act for purposes of section 1103(a) of

1 such Act, and need not be furnished to the financial insti-  
2 tution, notwithstanding section 1104(a) of such Act.

3 “(bb) The certification requirements of section  
4 1103(b) of the Right to Financial Privacy Act shall not  
5 apply to requests by the Commissioner of Social Security  
6 pursuant to an authorization provided under this clause.

7 “(cc) A request by the Commissioner pursuant to an  
8 authorization provided under this clause is deemed to meet  
9 the requirements of section 1104(a)(3) of the Right to Fi-  
10 nancial Privacy Act and the flush language of section  
11 1102 of such Act.

12 “(IV) The Commissioner shall inform any person who  
13 provides authorization pursuant to this clause of the dura-  
14 tion and scope of the authorization.

15 “(V) If an applicant for, or recipient of, benefits  
16 under this title (or any such other person referred to in  
17 subclause (I)) refuses to provide, or revokes, any author-  
18 ization made by the applicant or recipient for the Commis-  
19 sioner of Social Security to obtain from any financial insti-  
20 tution any financial record, the Commissioner may, on  
21 that basis, determine that the applicant or recipient is in-  
22 eligible for benefits under this title.”

1     **Subtitle B—Special Benefits For**  
 2     **Certain World War II Veterans**

3     **SEC. 251. ESTABLISHMENT OF PROGRAM OF SPECIAL BEN-**  
 4             **EFITS FOR CERTAIN WORLD WAR II VET-**  
 5             **ERANS.**

6             (a) IN GENERAL.—The Social Security Act is amend-  
 7 ed by inserting after title VII the following:

8     **“TITLE VIII—SPECIAL BENEFITS**  
 9         **FOR CERTAIN WORLD WAR II**  
 10        **VETERANS**

“TABLE OF CONTENTS

- “Sec. 801. Basic entitlement to benefits.
- “Sec. 802. Qualified individuals.
- “Sec. 803. Residence outside the United States.
- “Sec. 804. Disqualifications.
- “Sec. 805. Benefit amount.
- “Sec. 806. Applications and furnishing of information.
- “Sec. 807. Representative payees.
- “Sec. 808. Overpayments and underpayments.
- “Sec. 809. Hearings and review.
- “Sec. 810. Other administrative provisions.
- “Sec. 811. Penalties for fraud.
- “Sec. 812. Definitions.
- “Sec. 813. Appropriations.

11    **“SEC. 801. BASIC ENTITLEMENT TO BENEFITS.**

12            “Every individual who is a qualified individual under  
 13 section 802 shall, in accordance with and subject to the  
 14 provisions of this title, be entitled to a monthly benefit  
 15 paid by the Commissioner of Social Security for each  
 16 month after September 2000 (or such earlier month, if  
 17 the Commissioner determines is administratively feasible)  
 18 the individual resides outside the United States.

1 **“SEC. 802. QUALIFIED INDIVIDUALS.**

2 “Except as otherwise provided in this title, an  
3 individual—

4 “(1) who has attained the age of 65 on or be-  
5 fore the date of the enactment of this title;

6 “(2) who is a World War II veteran;

7 “(3) who is eligible for a supplemental security  
8 income benefit under title XVI for—

9 “(A) the month in which this title is en-  
10 acted; and

11 “(B) the month in which the individual  
12 files an application for benefits under this title;

13 “(4) whose total benefit income is less than 75  
14 percent of the Federal benefit rate under title XVI;

15 “(5) who has filed an application for benefits  
16 under this title; and

17 “(6) who is in compliance with all requirements  
18 imposed by the Commissioner of Social Security  
19 under this title,

20 shall be a qualified individual for purposes of this title.

21 **“SEC. 803. RESIDENCE OUTSIDE THE UNITED STATES.**

22 For purposes of section 801, with respect to any  
23 month, an individual shall be regarded as residing outside  
24 the United States if, on the first day of the month, the  
25 individual so resides outside the United States.

1 **“SEC. 804. DISQUALIFICATIONS.**

2 “Notwithstanding section 802, an individual may not  
3 be a qualified individual for any month—

4 “(1) that begins after the month in which the  
5 Commissioner of Social Security is notified by the  
6 Attorney General that the individual has been re-  
7 moved from the United States pursuant to section  
8 237(a) of the Immigration and Nationality Act and  
9 before the month in which the Commissioner of So-  
10 cial Security is notified by the Attorney General that  
11 the individual is lawfully admitted to the United  
12 States for permanent residence;

13 “(2) during any part of which the individual is  
14 outside the United States due to flight to avoid pros-  
15 ecution, or custody or confinement after conviction,  
16 under the laws of the United States or the jurisdic-  
17 tion within the United States from which the person  
18 has fled, for a crime, or an attempt to commit a  
19 crime, that is a felony under the laws of the place  
20 from which the individual has fled, or which, in the  
21 case of the State of New Jersey, is a high mis-  
22 demeanor under the laws of such State;

23 “(3) during any part of which which the indi-  
24 vidual violates a condition of probation or parole im-  
25 posed under Federal or State law; or



1 of material information from independent or collateral  
2 sources, and the procurement of additional information as  
3 necessary in order to ensure that the benefits are provided  
4 only to qualified individuals (or their representative pay-  
5 ees) in correct amounts.

6 **“SEC. 807. REPRESENTATIVE PAYEES.**

7       “(a) IN GENERAL.—If the Commissioner of Social  
8 Security determines that the interest of any qualified indi-  
9 vidual under this title would be served thereby, payment  
10 of the qualified individual’s benefit under this title may  
11 be made, regardless of the legal competency or incom-  
12 petency of the qualified individual, either directly to the  
13 qualified individual, or for his or her benefit, to another  
14 person (the meaning of which term, for purposes of this  
15 section, includes an organization) with respect to whom  
16 the requirements of subsection (b) have been met (in this  
17 section referred to as the qualified individual’s ‘representa-  
18 tive payee’). If the Commissioner of Social Security deter-  
19 mines that a representative payee has misused any benefit  
20 paid to the representative payee pursuant to this section,  
21 section 205(j), or section 1631(a)(2), the Commissioner  
22 of Social Security shall promptly revoke the person’s des-  
23 ignation as the qualified individual’s representative payee  
24 under this subsection, and shall make payment to an alter-  
25 native representative payee or, if the interest of the quali-

1 fied individual under this title would be served thereby,  
2 to the qualified individual.

3 “(b) EXAMINATION OF FITNESS OF PROSPECTIVE  
4 REPRESENTATIVE PAYEE.—

5 “(1) Any determination under subsection (a) to  
6 pay the benefits of a qualified individual to a rep-  
7 resentative payee shall be made on the basis of—

8 “(A) an investigation by the Commissioner  
9 of Social Security of the person to serve as rep-  
10 resentative payee, which shall be conducted in  
11 advance of the determination and shall, to the  
12 extent practicable, include a face-to-face inter-  
13 view with the person (or, in the case of an orga-  
14 nization, a representative of the organization);  
15 and

16 “(B) adequate evidence that the arrange-  
17 ment is in the interest of the qualified indi-  
18 vidual.

19 “(2) As part of the investigation referred to in  
20 paragraph (1), the Commissioner of Social Security  
21 shall—

22 “(A) require the person being investigated  
23 to submit documented proof of the identity of  
24 the person;

1           “(B) in the case of a person who has a so-  
2           cial security account number issued for pur-  
3           poses of the program under title II or an em-  
4           ployer identification number issued for purposes  
5           of the Internal Revenue Code of 1986, verify  
6           the number;

7           “(C) determine whether the person has  
8           been convicted of a violation of section 208,  
9           811, or 1632; and

10           “(D) determine whether payment of bene-  
11           fits to the person in the capacity as representa-  
12           tive payee has been revoked or terminated pur-  
13           suant to this section, section 205(j), or section  
14           1631(a)(2)(A)(iii) by reason of misuse of funds  
15           paid as benefits under this title, title II, or title  
16           XVI, respectively.

17           “(c) REQUIREMENT FOR CENTRALIZED FILE.—The  
18           Commissioner of Social Security shall establish and main-  
19           tain a centralized file, which shall be updated periodically  
20           and which shall be in a form that renders it readily retriev-  
21           able by each servicing office of the Social Security Admin-  
22           istration. The file shall consist of—

23           “(1) a list of the names and social security ac-  
24           count numbers or employer identification numbers  
25           (if issued) of all persons with respect to whom, in

1 the capacity of representative payee, the payment of  
2 benefits has been revoked or terminated under this  
3 section, section 205(j), or section 1631(a)(2)(A)(iii)  
4 by reason of misuse of funds paid as benefits under  
5 this title, title II, or title XVI, respectively; and

6 “(2) a list of the names and social security ac-  
7 count numbers or employer identification numbers  
8 (if issued) of all persons who have been convicted of  
9 a violation of section 208, 811, or 1632.

10 “(d) PERSONS INELIGIBLE TO SERVE AS REP-  
11 RESENTATIVE PAYEES.—

12 “(1) IN GENERAL.—The benefits of a qualified  
13 individual may not be paid to any other person pur-  
14 suant to this section if—

15 “(A) the person has been convicted of a  
16 violation of section 208, 811, or 1632;

17 “(B) except as provided in paragraph (2),  
18 payment of benefits to the person in the capac-  
19 ity of representative payee has been revoked or  
20 terminated under this section, section 205(j), or  
21 section 1631(a)(2)(A)(ii) by reason of misuse of  
22 funds paid as benefits under this title, title II,  
23 or title XVI, respectively; or

24 “(C) except as provided in paragraph  
25 (2)(B), the person is a creditor of the qualified

1 individual and provides the qualified individual  
2 with goods or services for consideration.

3 “(2) EXEMPTIONS.—

4 “(A) The Commissioner of Social Security  
5 may prescribe circumstances under which the  
6 Commissioner of Social Security may grant an  
7 exemption from paragraph (1) to any person on  
8 a case-by-case basis if the exemption is in the  
9 best interest of the qualified individual whose  
10 benefits would be paid to the person pursuant  
11 to this section.

12 “(B) Paragraph (1)(C) shall not apply  
13 with respect to any person who is a creditor re-  
14 ferred to in such paragraph if the creditor is—

15 “(i) a relative of the qualified indi-  
16 vidual and the relative resides in the same  
17 household as the qualified individual;

18 “(ii) a legal guardian or legal rep-  
19 resentative of the individual;

20 “(iii) a facility that is licensed or cer-  
21 tified as a care facility under the law of  
22 the political jurisdiction in which the quali-  
23 fied individual resides;

24 “(iv) a person who is an adminis-  
25 trator, owner, or employee of a facility re-

1                   ferred to in clause (iii), if the qualified in-  
2                   dividual resides in the facility, and the pay-  
3                   ment to the facility or the person is made  
4                   only after the Commissioner of Social Se-  
5                   curity has made a good faith effort to lo-  
6                   cate an alternative representative payee to  
7                   whom payment would serve the best inter-  
8                   ests of the qualified individual; or

9                   “(v) a person who is determined by  
10                  the Commissioner of Social Security, on  
11                  the basis of written findings and pursuant  
12                  to procedures prescribed by the Commis-  
13                  sioner of Social Security, to be acceptable  
14                  to serve as a representative payee.

15                  “(C) The procedures referred to in sub-  
16                  paragraph (B)(v) shall require the person who  
17                  will serve as representative payee to establish,  
18                  to the satisfaction of the Commissioner of So-  
19                  cial Security, that—

20                  “(i) the person poses no risk to the  
21                  qualified individual;

22                  “(ii) the financial relationship of the  
23                  person to the qualified individual poses no  
24                  substantial conflict of interest; and

1                   “(iii) no other more suitable rep-  
2                   resentative payee can be found.

3           “(e) DEFERRAL OF PAYMENT PENDING APPOINT-  
4   MENT OF REPRESENTATIVE PAYEE.—

5           “(1) IN GENERAL.—Subject to paragraph (2),  
6   if the Commissioner of Social Security makes a de-  
7   termination described in the first sentence of sub-  
8   section (a) with respect to any qualified individual’s  
9   benefit and determines that direct payment of the  
10   benefit to the qualified individual would cause sub-  
11   stantial harm to the qualified individual, the Com-  
12   missioner of Social Security may defer (in the case  
13   of initial entitlement) or suspend (in the case of ex-  
14   isting entitlement) direct payment of the benefit to  
15   the qualified individual, until such time as the selec-  
16   tion of a representative payee is made pursuant to  
17   this section.

18           “(2) TIME LIMITATION.—

19           “(A) IN GENERAL.—Except as provided in  
20   subparagraph (B), any deferral or suspension of  
21   direct payment of a benefit pursuant to para-  
22   graph (1) shall be for a period of not more than  
23   1 month.

24           “(B) EXCEPTION IN THE CASE OF INCOM-  
25   PETENCY.—Subparagraph (A) shall not apply

1 in any case in which the qualified individual is,  
2 as of the date of the Commissioner of Social  
3 Security's determination, legally incompetent  
4 under the laws of the jurisdiction in which the  
5 individual resides.

6 “(3) PAYMENT OF RETROACTIVE BENEFITS.—  
7 Payment of any benefits which are deferred or sus-  
8 pended pending the selection of a representative  
9 payee shall be made to the qualified individual or the  
10 representative payee as a single sum or over such  
11 period of time as the Commissioner of Social Secu-  
12 rity determines is in the best interest of the qualified  
13 individual.

14 “(f) HEARING.—Any qualified individual who is dis-  
15 satisfied with a determination by the Commissioner of So-  
16 cial Security to make payment of the qualified individual's  
17 benefit to a representative payee under subsection (a) of  
18 this section or with the designation of a particular person  
19 to serve as representative payee shall be entitled to a hear-  
20 ing by the Commissioner of Social Security to the same  
21 extent as is provided in section 809(a), and to judicial re-  
22 view of the Commissioner of Social Security's final deci-  
23 sion as is provided in section 809(b).

24 “(g) NOTICE REQUIREMENTS.—

1           “(1) IN GENERAL.—In advance of the payment  
2 of a qualified individual’s benefit to a representative  
3 payee under subsection (a), the Commissioner of So-  
4 cial Security shall provide written notice of the Com-  
5 missioner’s initial determination to so make the pay-  
6 ment. The notice shall be provided to the qualified  
7 individual, except that, if the qualified individual is  
8 legally incompetent, then the notice shall be provided  
9 solely to the legal guardian or legal representative of  
10 the qualified individual.

11           “(2) SPECIFIC REQUIREMENTS.—Any notice re-  
12 quired by paragraph (1) shall be clearly written in  
13 language that is easily understandable to the reader,  
14 shall identify the person to be designated as the  
15 qualified individual’s representative payee, and shall  
16 explain to the reader the right under subsection (f)  
17 of the qualified individual or of the qualified individ-  
18 ual’s legal guardian or legal representative—

19           “(A) to appeal a determination that a rep-  
20 resentative payee is necessary for the qualified  
21 individual;

22           “(B) to appeal the designation of a par-  
23 ticular person to serve as the representative  
24 payee of qualified individual; and

1           “(C) to review the evidence upon which the  
2           designation is based and to submit additional  
3           evidence.

4           “(h) ACCOUNTABILITY MONITORING.—

5           “(1) In any case where payment under this title  
6           is made to a person other than the qualified indi-  
7           vidual entitled to the payment, the Commissioner of  
8           Social Security shall establish a system of account-  
9           ability monitoring under which the person shall re-  
10          port not less often than annually with respect to the  
11          use of the payments. The Commissioner of Social  
12          Security shall establish and implement statistically  
13          valid procedures for reviewing the reports in order to  
14          identify instances in which persons are not properly  
15          using the payments.

16          “(2) SPECIAL REPORTS.—Notwithstanding  
17          paragraph (1), the Commissioner of Social Security  
18          may require a report at any time from any person  
19          receiving payments on behalf of a qualified indi-  
20          vidual, if the Commissioner of Social Security has  
21          reason to believe that the person receiving the pay-  
22          ments is misusing the payments.

23          “(3) CENTRALIZED FILE.—The Commissioner  
24          of Social Security shall maintain a centralized file,

1 which shall be updated periodically and which shall  
2 be in a form that is readily retrievable, of—

3 “(A) the name, address, and (if issued) the  
4 social security account number or employer  
5 identification number of each representative  
6 payee who is receiving benefit payments pursu-  
7 ant to this section, section 205(j), or section  
8 1631(a)(2); and

9 “(B) the name, address, and social security  
10 account number of each individual for whom  
11 each representative payee is reported to be pro-  
12 viding services as representative payee pursuant  
13 to this section, section 205(j), or section  
14 1631(a)(2).

15 “(4) The Commissioner of Social Security shall  
16 maintain a list, which shall be updated periodically,  
17 of public agencies and community-based nonprofit  
18 social service agencies which are qualified to serve as  
19 representative payees pursuant to this section and  
20 which are located in the jurisdiction in which any  
21 qualified individual resides.

22 “(i) RESTITUTION.—In any case  
23 where the negligent failure of the Commis-  
24 sioner of Social Security to investigate or  
25 monitor a representative payee results in

1 misuse of benefits by the representative  
2 payee, the Commissioner of Social Security  
3 shall make payment to the qualified indi-  
4 vidual or the individual's alternative rep-  
5 resentative payee of an amount equal to  
6 the misused benefits. The Commissioner of  
7 Social Security shall make a good faith ef-  
8 fort to obtain restitution from the termi-  
9 nated representative payee.

10 **“SEC. 808. OVERPAYMENTS AND UNDERPAYMENTS.**

11 “(a) IN GENERAL.—Whenever the Commissioner of  
12 Social Security finds that more or less than the correct  
13 amount of payment has been made to any person under  
14 this title, proper adjustment or recovery shall be made,  
15 as follows:

16 “(1) With respect to payment to a person of  
17 more than the correct amount, the Commissioner of  
18 Social Security shall decrease any payment under  
19 this title to which the overpaid person (if a qualified  
20 individual) is entitled, or shall require the overpaid  
21 person or his or her estate to refund the amount in  
22 excess of the correct amount, or, if recovery is not  
23 obtained under these two methods, shall seek or pur-  
24 sue recovery by means of reduction in tax refunds  
25 based on notice to the Secretary of the Treasury, as

1 authorized under section 3720A of title 31, United  
2 States Code.

3 “(2) With respect to payment of less than the  
4 correct amount to a qualified individual who, at the  
5 time the Commissioner of Social Security is pre-  
6 pared to take action with respect to the  
7 underpayment—

8 “(A) is living, the Commissioner of Social  
9 Security shall make payment to the qualified in-  
10 dividual (or the qualified individual’s represent-  
11 ative payee designated under section 807) of  
12 the balance of the amount due the underpaid  
13 qualified individual; or

14 “(B) is deceased, the balance of the  
15 amount due shall revert to the general fund of  
16 the Treasury.

17 “(b) WAIVER OF RECOVERY OF OVERPAYMENT.—In  
18 any case in which more than the correct amount of pay-  
19 ment has been made, there shall be no adjustment of pay-  
20 ments to, or recovery by the United States from, any per-  
21 son who is without fault if the Commissioner of Social Se-  
22 curity determines that the adjustment or recovery would  
23 defeat the purpose of this title or would be against equity  
24 and good conscience.

1       “(c) LIMITED IMMUNITY FOR DISBURSING OFFI-  
2 CERS.—A disbursing officer may not be held liable for any  
3 amount paid by the officer if the adjustment or recovery  
4 of the amount is waived under subsection (b), or adjust-  
5 ment under subsection (a) is not completed before the  
6 death of the qualified individual against whose benefits de-  
7 ductions are authorized.

8       “(d) AUTHORIZED COLLECTION PRACTICES.—

9           “(1) IN GENERAL.—With respect to any delin-  
10 quent amount, the Commissioner of Social Security  
11 may use the collection practices described in sections  
12 3711(e), 3716, and 3718 of title 31, United States  
13 Code, as in effect on October 1, 1994.

14           “(2) DEFINITION.—For purposes of paragraph  
15 (1), the term ‘delinquent amount’ means an  
16 amount—

17           “(A) in excess of the correct amount of the  
18 payment under this title; and

19           “(B) determined by the Commissioner of  
20 Social Security to be otherwise unrecoverable  
21 under this section from a person who is not a  
22 qualified individual under this title.

23 **“SEC. 809. HEARINGS AND REVIEW.**

24       “(a) HEARINGS.—

1           “(1) IN GENERAL.—The Commissioner of So-  
2           cial Security shall make findings of fact and deci-  
3           sions as to the rights of any individual applying for  
4           payment under this title. The Commissioner of So-  
5           cial Security shall provide reasonable notice and op-  
6           portunity for a hearing to any individual who is or  
7           claims to be a qualified individual and is in disagree-  
8           ment with any determination under this title with  
9           respect to entitlement to, or the amount of, benefits  
10          under this title, if the individual requests a hearing  
11          on the matter in disagreement within 60 days after  
12          notice of the determination is received, and, if a  
13          hearing is held, shall, on the basis of evidence ad-  
14          duced at the hearing affirm, modify, or reverse the  
15          Commissioner of Social Security’s findings of fact  
16          and the decision. The Commissioner of Social Secu-  
17          rity may, on the Commissioner of Social Security’s  
18          own motion, hold such hearings and to conduct such  
19          investigations and other proceedings as the Commis-  
20          sioner of Social Security deems necessary or proper  
21          for the administration of this title. In the course of  
22          any hearing, investigation, or other proceeding, the  
23          Commissioner may administer oaths and affirma-  
24          tions, examine witnesses, and receive evidence. Evi-  
25          dence may be received at any hearing before the

1 Commissioner of Social Security even though inad-  
2 missible under the rules of evidence applicable to  
3 court procedure. The Commissioner of Social Secu-  
4 rity shall specifically take into account any physical,  
5 mental, educational, or linguistic limitation of the in-  
6 dividual (including any lack of facility with the  
7 English language) in determining, with respect to  
8 the entitlement of the individual for benefits under  
9 this title, whether the individual acted in good faith  
10 or was at fault, and in determining fraud, deception,  
11 or intent.

12 “(2) EFFECT OF FAILURE TO TIMELY REQUEST  
13 REVIEW.—A failure to timely request review of an  
14 initial adverse determination with respect to an ap-  
15 plication for any payment under this title or an ad-  
16 verse determination on reconsideration of such an  
17 initial determination shall not serve as a basis for  
18 denial of a subsequent application for any payment  
19 under this title if the applicant demonstrates that  
20 the applicant failed to so request such a review act-  
21 ing in good faith reliance upon incorrect, incomplete,  
22 or misleading information, relating to the con-  
23 sequences of reapplying for payments in lieu of seek-  
24 ing review of an adverse determination, provided by

1 any officer or employee of the Social Security Ad-  
2 ministration.

3 “(3) NOTICE REQUIREMENTS.—In any notice of  
4 an adverse determination with respect to which a re-  
5 view may be requested under paragraph (1), the  
6 Commissioner of Social Security shall describe in  
7 clear and specific language the effect on possible en-  
8 titlement to benefits under this title of choosing to  
9 reapply in lieu of requesting review of the deter-  
10 mination.

11 “(b) JUDICIAL REVIEW.—The final determination of  
12 the Commissioner of Social Security after a hearing under  
13 subsection (a)(1) shall be subject to judicial review as pro-  
14 vided in section 205(g) to the same extent as the Commis-  
15 sioner of Social Security’s final determinations under sec-  
16 tion 205.

17 **“SEC. 810. OTHER ADMINISTRATIVE PROVISIONS.**

18 “(a) REGULATIONS AND ADMINISTRATIVE ARRANGE-  
19 MENTS.—The Commissioner of Social Security may pre-  
20 scribe such regulations, and make such administrative and  
21 other arrangements, as may be necessary or appropriate  
22 to carry out this title.

23 “(b) PAYMENT OF BENEFITS.—Benefits under this  
24 title shall be paid at such time or times and in such install-

1 ments as the Commissioner of Social Security determines  
2 are in the interests of economy and efficiency.

3 “(c) ENTITLEMENT REDETERMINATIONS.—An indi-  
4 vidual’s entitlement to benefits under this title, and the  
5 amount of the benefits, may be redetermined at such time  
6 or times as the Commissioner of Social Security deter-  
7 mines to be appropriate.

8 “(d) SUSPENSION OF BENEFITS.—Regulations pre-  
9 scribed by the Commissioner of Social Security under sub-  
10 section (a) may provide for the temporary suspension of  
11 entitlement to benefits under this title as the Commis-  
12 sioner determines is appropriate.

13 **“SEC. 811. PENALTIES FOR FRAUD.**

14 “(a) IN GENERAL.—Whoever—

15 “(1) knowingly and willfully makes or causes to  
16 be made any false statement or representation of a  
17 material fact in an application for benefits under  
18 this title;

19 “(2) at any time knowingly and willfully makes  
20 or causes to be made any false statement or rep-  
21 resentation of a material fact for use in determining  
22 any right to the benefits;

23 “(3) having knowledge of the occurrence of any  
24 event affecting—

1           “(A) his or her initial or continued right to  
2           the benefits; or

3           “(B) the initial or continued right to the  
4           benefits of any other individual in whose behalf  
5           he or she has applied for or is receiving the  
6           benefit,

7           conceals or fails to disclose the event with an intent  
8           fraudulently to secure the benefit either in a greater  
9           amount or quantity than is due or when no such  
10          benefit is authorized; or

11          “(4) having made application to receive any  
12          such benefit for the use and benefit of another and  
13          having received it, knowingly and willfully converts  
14          the benefit or any part thereof to a use other than  
15          for the use and benefit of the other individual,

16 shall be fined under title 18, United States Code, impris-  
17 oned not more than 5 years, or both.

18          “(b) RESTITUTION BY REPRESENTATIVE PAYEE.—If  
19 a person or organization violates subsection (a) in the per-  
20 son’s or organization’s role as, or in applying to become,  
21 a representative payee under section 807 on behalf of a  
22 qualified individual, and the violation includes a willful  
23 misuse of funds by the person or entity, the court may  
24 also require that full or partial restitution of funds be  
25 made to the qualified individual.

1 "SEC. 812. DEFINITIONS.

2 "In this title:

3 "(1) WORLD WAR II VETERAN.—The term  
4 'World War II veteran' means a person who served  
5 during World War II—

6 "(A) in the active military, naval, or air  
7 service of the United States during World War  
8 II, and who was discharged or released there-  
9 from under conditions other than dishonorable  
10 after service of 90 days or more; or

11 "(B) in the organized military forces of the  
12 Government of the Commonwealth of the Phil-  
13 ippines, while the forces were in the service of  
14 the Armed Forces of the United States pursu-  
15 ant to the military order of the President dated  
16 July 26, 1941, including among the military  
17 forces organized guerrilla forces under com-  
18 manders appointed, designated, or subsequently  
19 recognized by the Commander in Chief, South-  
20 west Pacific Area, or other competent authority  
21 in the Army of the United States, in any case  
22 in which the service was rendered before De-  
23 cember 31, 1946.

24 "(2) WORLD WAR II.—The term 'World War II'  
25 means the period beginning on September 16, 1940,  
26 and ending on July 24, 1947.

1           “(3) SUPPLEMENTAL SECURITY INCOME BEN-  
2 EFIT UNDER TITLE XVI.—The term ‘supplemental  
3 security income benefit under title XVI’, except as  
4 otherwise provided, includes State supplementary  
5 payments which are paid by the Commissioner of  
6 Social Security pursuant to an agreement under sec-  
7 tion 1616(a) of this Act or section 212(b) of Public  
8 Law 93-66.

9           “(4) FEDERAL BENEFIT RATE UNDER TITLE  
10 XVI.—The term ‘Federal benefit rate under title  
11 XVI’ means, with respect to any month, the amount  
12 of the supplemental security income cash benefit  
13 (not including any State supplementary payment  
14 which is paid by the Commissioner of Social Security  
15 pursuant to an agreement under section 1616(a) of  
16 this Act or section 212(b) of Public Law 93-66)  
17 payable under title XVI for the month to an eligible  
18 individual with no income.

19           “(5) UNITED STATES.—The term ‘United  
20 States’ means, notwithstanding section 1101(a)(1),  
21 only the 50 States, the District of Columbia, and the  
22 Commonwealth of the Northern Mariana Islands.

23           “(6) BENEFIT INCOME.—The term ‘benefit in-  
24 come’ means any recurring payment received by a  
25 qualified individual as an annuity, pension, retire-

1       ment, or disability benefit (including any veterans'  
2       compensation or pension, workmen's compensation  
3       payment, old-age, survivors, or disability insurance  
4       benefit, railroad retirement annuity or pension, and  
5       unemployment insurance benefit), but only if a simi-  
6       lar payment was received by the individual from the  
7       same (or a related) source during the 12-month pe-  
8       riod preceding the month in which the individual  
9       files an application for benefits under this title.

10 **“SEC. 813. APPROPRIATIONS.**

11       “There are hereby appropriated for fiscal year 2001  
12 and subsequent fiscal years such sums as may be nec-  
13 essary to carry out this title.”

14       (b) CONFORMING AMENDMENTS.—

15               (1) SOCIAL SECURITY TRUST FUNDS LAE AC-  
16       COUNT.—Section 201(g) of such Act (42 U.S.C.  
17       401(g)) is amended—

18               (A) in the fourth sentence of paragraph  
19       (1)(A), by inserting after “this title,” the fol-  
20       lowing: “title VIII,”;

21               (B) in paragraph (1)(B)(i)(I), by inserting  
22       after “this title,” the following: “title VIII,”;  
23       and

24               (C) in paragraph (1)(C)(i), by inserting  
25       after “this title,” the following: “title VIII,”.

1           (2) REPRESENTATIVE PAYEE PROVISIONS OF  
2 TITLE II.—Section 205(j) of such Act (42 U.S.C.  
3 405(j)) is amended—

4           (A) in paragraph (1)(A), by inserting “807  
5 or” before “1631(a)(2)”;

6           (B) in paragraph (2)(B)(i)(I), by inserting  
7 “, title VIII,” before “or title XVI”;

8           (C) in paragraph (2)(B)(i)(III), by insert-  
9 ing “, 811,” before “or 1632”;

10          (D) in paragraph (2)(B)(i)(IV)—

11           (i) by inserting “, the designation of  
12 such person as a representative payee has  
13 been revoked pursuant to section 807(a),”  
14 before “or payment of benefits”; and

15           (ii) by inserting “, title VIII,” before  
16 “or title XVI”;

17          (E) in paragraph (2)(B)(ii)(I)—

18           (i) by inserting “whose designation as  
19 a representative payee has been revoked  
20 pursuant to section 807(a),” before “or  
21 with respect to whom”; and

22           (ii) by inserting “, title VIII,” before  
23 “or title XVI”;

24          (F) in paragraph (2)(B)(i)(II), by insert-  
25 ing “, 811,” before “or 1632”;

1 (G) in paragraph (2)(C)(i)(II) by inserting  
2 “, the designation of such person as a rep-  
3 resentative payee has been revoked pursuant to  
4 section 807(a),” before “or payment of bene-  
5 fits”;

6 (H) in each of clauses (i) and (ii) of para-  
7 graph (3)(E), by inserting “, section 807,” be-  
8 fore “or section 1631(a)(2)”;

9 (I) in paragraph (3)(F), by inserting “807  
10 or” before “1631(a)(2)”; and

11 (J) in paragraph (4)(B)(i), by inserting  
12 “807 or” before “1631(a)(2)”.

13 (3) WITHHOLDING FOR CHILD SUPPORT AND  
14 ALIMONY OBLIGATIONS.—Section 459(h)(1)(A) of  
15 such Act (42 U.S.C. 659(h)(1)(A)) is amended—

16 (A) at the end of clause (iii), by striking  
17 “and”;

18 (B) at the end of clause (iv), by striking  
19 “but” and inserting “and”; and

20 (C) by adding at the end a new clause as  
21 follows:

22 “(v) special benefits for certain World  
23 War II veterans payable under title VIII;  
24 but”.

1           (4) SOCIAL SECURITY ADVISORY BOARD.—Sec-  
2           tion 703(b) of such Act (42 U.S.C. 903(b)) is  
3           amended by striking “title II” and inserting “title  
4           II, the program of special benefits for certain World  
5           War II veterans under title VIII,”.

6           (5) DELIVERY OF CHECKS.—Section 708 of  
7           such Act (42 U.S.C. 908) is amended—

8                   (A) in subsection (a), by striking “title II”  
9                   and inserting “title II, title VIII,”; and

10                   (B) in subsection (b), by striking “title II”  
11                   and inserting “title II, title VIII,”.

12           (6) CIVIL MONETARY PENALTIES.—Section  
13           1129 of such Act (42 U.S.C. 1320a-8) is  
14           amended—

15                   (A) in the title, by striking “II” and in-  
16                   serting “II, VIII”;

17                   (B) in subsection (a)(1)—

18                           (i) by striking “or” at the end of sub-  
19                           paragraph (A);

20                           (ii) by redesignating subparagraph  
21                           (B) as subparagraph (C); and

22                           (iii) by inserting after subparagraph  
23                           (A) the following:

24                           “(B) benefits or payments under title VIII,  
25                           or”;

1 (C) in subsection (a)(2), by inserting “or  
2 title VIII,” after “title II”;

3 (D) in subsection (e)(1)(C)—

4 (i) by striking “or” at the end of  
5 clause (i);

6 (ii) by redesignating clause (ii) as  
7 clause (iii); and

8 (iii) by inserting after clause (i) the  
9 following:

10 “(ii) by decrease of any payment  
11 under title VIII to which the person is en-  
12 titled, or”;

13 (E) in subsection (e)(2)(B), by striking  
14 “title XVI” and inserting “title VIII or XVI”;  
15 and

16 (F) in subsection (l), by striking “title  
17 XVI” and inserting “title VIII or XVI”.

18 (7) RECOVERY OF SSI OVERPAYMENTS.—Sec-  
19 tion 1147 of such Act (42 U.S.C. 1320b-17) is  
20 amended—

21 (A) in subsection (a)(1)—

22 (i) by inserting “or VIII” after “title  
23 II” the first place it appears; and

1 (ii) by striking “title II” the second  
2 place it appears and inserting “such title”;  
3 and

4 (B) in the title, by striking “SOCIAL SECUR-  
5 RITY” and inserting “OTHER”.

6 (8) REPRESENTATIVE PAYEE PROVISIONS OF  
7 TITLE XVI.—Section 1631(a)(2) of such Act (42  
8 U.S.C. 1383(a)(2)) is amended—

9 (A) in subparagraph (A)(iii), by inserting  
10 “or 807” after “205(j)(1)”;

11 (B) in subparagraph (B)(ii)(I), by insert-  
12 ing “, title VIII,” before “or this title”;

13 (C) in subparagraph (B)(ii)(III), by insert-  
14 ing “, 811,” before “or 1632”;

15 (D) in subparagraph (B)(ii)(IV)—

16 (i) by inserting “whether the designa-  
17 tion of such person as a representative  
18 payee has been revoked pursuant to section  
19 807(a),” before “and whether certifi-  
20 cation”; and

21 (ii) by inserting “, title VIII,” before  
22 “or this title”;

23 (E) in subparagraph (B)(iii)(II), by insert-  
24 ing “the designation of such person as a rep-

1           representative payee has been revoked pursuant to  
2           section 807(a),” before “or certification”; and

3                   (F) in subparagraph (D)(ii)(II)(aa), by in-  
4           serting “or 807” after “205(j)(4)”.

5           (9)       ADMINISTRATIVE       OFFSET.—Section  
6           3716(c)(3)(C) of title 31, United States Code, is  
7           amended—

8                   (A) by striking “sections 205(b)(1)” and  
9           inserting “sections 205(b)(1), 809(a)(1),”; and

10                  (B) by striking “either title II” and insert-  
11           ing “title II, VIII,”.

## 12                                   **Subtitle C—Study**

### 13       **SEC. 261. STUDY OF DENIAL OF SSI BENEFITS FOR FAMILY** 14                                   **FARMERS.**

15           (a) IN GENERAL.—The Commissioner of Social Secu-  
16       rity shall conduct a study of the reasons why family farm-  
17       ers with resources of less than \$100,000 are denied sup-  
18       plemental security income benefits under title XVI of the  
19       Social Security Act, including whether the deeming proc-  
20       ess unduly burdens and discriminates against family farm-  
21       ers who do not institutionalize a disabled dependent, and  
22       shall determine the number of such farmers who have been  
23       denied such benefits during each of the preceding 10  
24       years.

1 (b) REPORT TO THE CONGRESS.—Within 1 year after  
 2 the date of the enactment of this Act, the Commissioner  
 3 of Social Security shall prepare and submit to the Com-  
 4 mittee on Ways and Means of the House of Representa-  
 5 tives and the Committee on Finance of the Senate a report  
 6 that contains the results of the study, and the determina-  
 7 tion, required by subsection (a).

## 8 **TITLE III—CHILD SUPPORT**

### 9 **SEC. 301. NARROWING OF HOLD HARMLESS PROVISION** 10 **FOR STATE SHARE OF DISTRIBUTION OF COL-** 11 **LECTED CHILD SUPPORT.**

12 (a) IN GENERAL.—Section 457(d) of the Social Secu-  
 13 rity Act (42 U.S.C. 657(d)) is amended to read as follows:

14 “(d) HOLD HARMLESS PROVISION.—If—

15 “(1) the amounts collected which could be re-  
 16 tained by the State in the fiscal year (to the extent  
 17 necessary to reimburse the State for amounts paid  
 18 to families as assistance by the State) are less than  
 19 the State share of the amounts collected in fiscal  
 20 year 1995 (determined in accordance with section  
 21 457 as in effect on the day before the date of the  
 22 enactment of the Personal Responsibility and Work  
 23 Opportunity Reconciliation Act of 1996); and

24 “(2)(A)(i) the State has not retained any of the  
 25 current support so collected during the preceding fis-

1 cal year on behalf of any family that is a recipient  
2 of assistance under the State program funded under  
3 part A (except any such family in a control group  
4 required by a waiver granted to the State under sec-  
5 tion 1115); and

6 “(ii) at least the lesser of \$150 or the total  
7 amount of current support paid to such a family in  
8 any month is disregarded in determining the amount  
9 or type of assistance to be provided to the family for  
10 the month under the State program funded under  
11 part A; or

12 “(B) the State has distributed to families not  
13 less than one-half of the child support arrearages  
14 collected pursuant to section 464 during the pre-  
15 ceding fiscal year, that accrued after the families  
16 ceased to receive assistance from the State (as de-  
17 fined in subsection (c)(1)),

18 then the State share otherwise determined for the fiscal  
19 year shall be increased by an amount equal to one-half  
20 of the amount (if any) by which the State share in fiscal  
21 year 1995 exceeds the State share for the fiscal year (de-  
22 termined without regard to this subsection).”.

23 (b) AUTHORITY OF STATE TO PASS THROUGH POR-  
24 TION OF CHILD SUPPORT ARREARAGES COLLECTED  
25 THROUGH TAX INTERCEPT.—Section 457(a)(2)(B)(iv) of

1 such Act (42 U.S.C. 657(a)(2)(B)(iv)) is amended in the  
2 first sentence by inserting after the second sentence the  
3 following: “After making such payment, the State may  
4 distribute to the family not more than one-half of the re-  
5 maining amount so retained.”.

6 (c) EFFECTIVE DATE.—The amendment made by  
7 subsection (a) shall be effective with respect to calendar  
8 quarters beginning on or after October 1, 1998.

9 (d) REPEALER.—Effective October 1, 2001, section  
10 457 of the Social Security Act (42 U.S.C. 657) is amended  
11 by striking subsection (d).

## 12 TITLE IV—TECHNICAL 13 CORRECTIONS

### 14 SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMEND- 15 MENTS MADE BY THE PERSONAL RESPONSIB- 16 ILITY AND WORK OPPORTUNITY REC- 17 ONCILIATION ACT OF 1996.

18 (a) Section 402(a)(1)(B)(iv) of the Social Security  
19 Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking  
20 “Act” and inserting “section”.

21 (b) Section 409(a)(7)(B)(i)(II) of the Social Security  
22 Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by strik-  
23 ing “part” and inserting “section”.

1 (c) Section 413(g)(1) of the Social Security Act (42  
2 U.S.C. 613(g)(1)) is amended by striking “Act” and in-  
3 serting “section”.

4 (d) Section 416 of the Social Security Act (42 U.S.C.  
5 616) is amended by striking “Opportunity Act” and in-  
6 serting “Opportunity Reconciliation Act” each place such  
7 term appears.

8 (e) Section 431(a)(6) of the Social Security Act (42  
9 U.S.C. 629a(a)(6))) is amended—

10 (1) by inserting “, as in effect before August  
11 22, 1986” after “482(i)(5)”; and

12 (2) by inserting “, as so in effect” after  
13 “482(i)(7)(A)”.

14 (f) Sections 452(a)(7) and 466(c)(2)(A)(i) of the So-  
15 cial Security Act (42 U.S.C. 652(a)(7) and  
16 666(c)(2)(A)(i)) are each amended by striking “Social Se-  
17 curity” and inserting “social security”.

18 (g) Section 454 of the Social Security Act (42 U.S.C.  
19 654) is amended—

20 (1) by striking “, or” at the end of each of  
21 paragraphs (6)(E)(i) and (19)(B)(i) and inserting “;  
22 or”;

23 (2) in paragraph (9), by striking the comma at  
24 the end of each of subparagraphs (A), (B), (C) and  
25 inserting a semicolon; and

1           (3) by striking “, and” at the end of each of  
2 paragraphs (19)(A) and (24)(A) and inserting “;  
3 and”.

4           (h) Section 454(24)(B) of the Social Security Act (42  
5 U.S.C. 654(24)(B)) is amended by striking “Opportunity  
6 Act” and inserting “Opportunity Reconciliation Act”.

7           (i) Section 344(b)(1)(A) of the Personal Responsi-  
8 bility and Work Opportunity Reconciliation Act of 1996  
9 (110 Stat. 2236) is amended to read as follows:

10                   “(A) in paragraph (1), by striking sub-  
11 paragraph (B) and inserting the following:

12                   ‘(B) equal to the percent specified in para-  
13 graph (3) of the sums expended during such  
14 quarter that are attributable to the planning,  
15 design, development, installation or enhance-  
16 ment of an automatic data processing and in-  
17 formation retrieval system (including in such  
18 sums the full cost of the hardware components  
19 of such system); and’; and”.

20           (j) Section 457(a)(2)(B)(i)(I) of the Social Security  
21 Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking  
22 “Act Reconciliation” and inserting “Reconciliation Act”.

23           (k) Section 457 of the Social Security Act (42 U.S.C.  
24 657) is amended by striking “Opportunity Act” each place

1 it appears and inserting “Opportunity Reconciliation  
2 Act”.

3 (l) Effective on the date of the enactment of this Act,  
4 section 404(e) of the Social Security Act (42 U.S.C.  
5 604(e)) is amended by inserting “or tribe” after “State”  
6 the first and second places it appears, and by inserting  
7 “or tribal” after “State” the third place it appears.

8 (m) Section 466(a)(7) of the Social Security Act (42  
9 U.S.C. 666(a)(7)) is amended by striking “1681a(f)” and  
10 inserting “1681a(f))”.

11 (n) Section 466(b)(6)(A) of the Social Security Act  
12 (42 U.S.C. 666(b)(6)(A)) is amended by striking “state”  
13 and inserting “State”.

14 (o) Section 471(a)(8) of the Social Security Act (42  
15 U.S.C. 671(a)(8)) is amended by striking “(including ac-  
16 tivities under part F)”.

17 (p) Section 1137(a)(3) of the Social Security Act (42  
18 U.S.C. 1320b-7(a)(3)) is amended by striking  
19 “453A(a)(2)(B)(iii)” and inserting  
20 “453A(a)(2)(B)(ii))”.

21 (q) Except as provided in subsection (l), the amend-  
22 ments made by this section shall take effect as if included

- 1 in the enactment of the Personal Responsibility and Work
- 2 Opportunity Reconciliation Act of 1996.

Passed the House of Representatives June 25, 1999.

Attest:

*Clerk.*

106TH CONGRESS  
1ST SESSION

# H. R. 1802

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## AN ACT

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.



PUBLIC LAW 106-169—DEC. 14, 1999

FOSTER CARE INDEPENDENCE ACT OF 1999

Public Law 106-169  
106th Congress

An Act

Dec. 14, 1999  
[H.R. 3443]

To amend part E of title IV of the Social Security Act to provide States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency, and for other purposes.

Foster Care  
Independence Act  
of 1999.  
42 USC 1305  
note.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Foster Care Independence Act of 1999”.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM

Subtitle A—Improved Independent Living Program

Sec. 101. Improved independent living program.

Subtitle B—Related Foster Care Provision

Sec. 111. Increase in amount of assets allowable for children in foster care.

Sec. 112. Preparation of foster parents to provide for the needs of children in State care.

Subtitle C—Medicaid Amendments

Sec. 121. State option of Medicaid coverage for adolescents leaving foster care.

Subtitle D—Adoption Incentive Payments

Sec. 131. Increased funding for adoption incentive payments.

TITLE II—SSI FRAUD PREVENTION

Subtitle A—Fraud Prevention and Related Provisions

Sec. 201. Liability of representative payees for overpayments to deceased recipients.

Sec. 202. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.

Sec. 203. Additional debt collection practices.

Sec. 204. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.

Sec. 205. Treatment of assets held in trust under the SSI program.

Sec. 206. Disposal of resources for less than fair market value under the SSI program.

Sec. 207. Administrative procedure for imposing penalties for false or misleading statements.

Sec. 208. Exclusion of representatives and health care providers convicted of violations from participation in social security programs.

Sec. 209. State data exchanges.

Sec. 210. Study on possible measures to improve fraud prevention and administrative processing.

Sec. 211. Annual report on amounts necessary to combat fraud.

- Sec. 212. Computer matches with Medicare and Medicaid institutionalization data.  
Sec. 213. Access to information held by financial institutions.

Subtitle B—Benefits For Certain World War II Veterans

- Sec. 251. Establishment of program of special benefits for certain World War II veterans.

Subtitle C—Study

- Sec. 261. Study of denial of SSI benefits for family farmers.

TITLE III—CHILD SUPPORT

- Sec. 301. Narrowing of hold-harmless provision for State share of distribution of collected child support.

TITLE IV—TECHNICAL CORRECTIONS

- Sec. 401. Technical corrections relating to amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

## TITLE I—IMPROVED INDEPENDENT LIVING PROGRAM

### Subtitle A—Improved Independent Living Program

#### SEC. 101. IMPROVED INDEPENDENT LIVING PROGRAM. .

42 USC 677 note.

(a) FINDINGS.—The Congress finds the following:

(1) States are required to make reasonable efforts to find adoptive families for all children, including older children, for whom reunification with their biological family is not in the best interests of the child. However, some older children will continue to live in foster care. These children should be enrolled in an Independent Living program designed and conducted by State and local government to help prepare them for employment, postsecondary education, and successful management of adult responsibilities.

(2) Older children who continue to be in foster care as adolescents may become eligible for Independent Living programs. These Independent Living programs are not an alternative to adoption for these children. Enrollment in Independent Living programs can occur concurrent with continued efforts to locate and achieve placement in adoptive families for older children in foster care.

(3) About 20,000 adolescents leave the Nation's foster care system each year because they have reached 18 years of age and are expected to support themselves.

(4) Congress has received extensive information that adolescents leaving foster care have significant difficulty making a successful transition to adulthood; this information shows that children aging out of foster care show high rates of homelessness, non-marital childbearing, poverty, and delinquent or criminal behavior; they are also frequently the target of crime and physical assaults.

(5) The Nation's State and local governments, with financial support from the Federal Government, should offer an extensive program of education, training, employment, and financial support for young adults leaving foster care, with participation in such program beginning several years before high school

graduation and continuing, as needed, until the young adults emancipated from foster care establish independence or reach 21 years of age.

(b) IMPROVED INDEPENDENT LIVING PROGRAM.—Section 477 of the Social Security Act (42 U.S.C. 677) is amended to read as follows:

**“SEC. 477. JOHN H. CHAFEE FOSTER CARE INDEPENDENCE PROGRAM.**

“(a) PURPOSE.—The purpose of this section is to provide States with flexible funding that will enable programs to be designed and conducted—

“(1) to identify children who are likely to remain in foster care until 18 years of age and to help these children make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pregnancy prevention);

“(2) to help children who are likely to remain in foster care until 18 years of age receive the education, training, and services necessary to obtain employment;

“(3) to help children who are likely to remain in foster care until 18 years of age prepare for and enter postsecondary training and education institutions;

“(4) to provide personal and emotional support to children aging out of foster care, through mentors and the promotion of interactions with dedicated adults; and

“(5) to provide financial, housing, counseling, employment, education, and other appropriate support and services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood.

“(b) APPLICATIONS.—

“(1) IN GENERAL.—A State may apply for funds from its allotment under subsection (c) for a period of five consecutive fiscal years by submitting to the Secretary, in writing, a plan that meets the requirements of paragraph (2) and the certifications required by paragraph (3) with respect to the plan.

“(2) STATE PLAN.—A plan meets the requirements of this paragraph if the plan specifies which State agency or agencies will administer, supervise, or oversee the programs carried out under the plan, and describes how the State intends to do the following:

“(A) Design and deliver programs to achieve the purposes of this section.

“(B) Ensure that all political subdivisions in the State are served by the program, though not necessarily in a uniform manner.

“(C) Ensure that the programs serve children of various ages and at various stages of achieving independence.

“(D) Involve the public and private sectors in helping adolescents in foster care achieve independence.

“(E) Use objective criteria for determining eligibility for benefits and services under the programs, and for ensuring fair and equitable treatment of benefit recipients.

“(F) Cooperate in national evaluations of the effects of the programs in achieving the purposes of this section.

“(3) CERTIFICATIONS.—The certifications required by this paragraph with respect to a plan are the following:

“(A) A certification by the chief executive officer of the State that the State will provide assistance and services to children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

“(B) A certification by the chief executive officer of the State that not more than 30 percent of the amounts paid to the State from its allotment under subsection (c) for a fiscal year will be expended for room or board for children who have left foster care because they have attained 18 years of age, and who have not attained 21 years of age.

“(C) A certification by the chief executive officer of the State that none of the amounts paid to the State from its allotment under subsection (c) will be expended for room or board for any child who has not attained 18 years of age.

“(D) A certification by the chief executive officer of the State that the State will use training funds provided under the program of Federal payments for foster care and adoption assistance to provide training to help foster parents, adoptive parents, workers in group homes, and case managers understand and address the issues confronting adolescents preparing for independent living, and will, to the extent possible, coordinate such training with the independent living program conducted for adolescents.

“(E) A certification by the chief executive officer of the State that the State has consulted widely with public and private organizations in developing the plan and that the State has given all interested members of the public at least 30 days to submit comments on the plan.

“(F) A certification by the chief executive officer of the State that the State will make every effort to coordinate the State programs receiving funds provided from an allotment made to the State under subsection (c) with other Federal and State programs for youth (especially transitional living youth projects funded under part B of title III of the Juvenile Justice and Delinquency Prevention Act of 1974), abstinence education programs, local housing programs, programs for disabled youth (especially sheltered workshops), and school-to-work programs offered by high schools or local workforce agencies.

“(G) A certification by the chief executive officer of the State that each Indian tribe in the State has been consulted about the programs to be carried out under the plan; that there have been efforts to coordinate the programs with such tribes; and that benefits and services under the programs will be made available to Indian children in the State on the same basis as to other children in the State.

“(H) A certification by the chief executive officer of the State that the State will ensure that adolescents participating in the program under this section participate directly in designing their own program activities that prepare them for independent living and that the adolescents accept personal responsibility for living up to their part of the program.

“(I) A certification by the chief executive officer of the State that the State has established and will enforce standards and procedures to prevent fraud and abuse in the programs carried out under the plan.

“(4) APPROVAL.—The Secretary shall approve an application submitted by a State pursuant to paragraph (1) for a period if—

“(A) the application is submitted on or before June 30 of the calendar year in which such period begins; and

“(B) the Secretary finds that the application contains the material required by paragraph (1).

“(5) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS; NOTIFICATION.—A State with an application approved under paragraph (4) may implement any amendment to the plan contained in the application if the application, incorporating the amendment, would be approvable under paragraph (4). Within 30 days after a State implements any such amendment, the State shall notify the Secretary of the amendment.

“(6) AVAILABILITY.—The State shall make available to the public any application submitted by the State pursuant to paragraph (1), and a brief summary of the plan contained in the application.

“(c) ALLOTMENTS TO STATES.—

“(1) IN GENERAL.—From the amount specified in subsection (h) that remains after applying subsection (g)(2) for a fiscal year, the Secretary shall allot to each State with an application approved under subsection (b) for the fiscal year the amount which bears the same ratio to such remaining amount as the number of children in foster care under a program of the State in the most recent fiscal year for which such information is available bears to the total number of children in foster care in all States for such most recent fiscal year, as adjusted in accordance with paragraph (2).

“(2) HOLD HARMLESS PROVISION.—

“(A) IN GENERAL.—The Secretary shall allot to each State whose allotment for a fiscal year under paragraph (1) is less than the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998, an additional amount equal to the difference between such allotment and such greater amount.

“(B) RATABLE REDUCTION OF CERTAIN ALLOTMENTS.—In the case of a State not described in subparagraph (A) of this paragraph for a fiscal year, the Secretary shall reduce the amount allotted to the State for the fiscal year under paragraph (1) by the amount that bears the same ratio to the sum of the differences determined under subparagraph (A) of this paragraph for the fiscal year as the excess of the amount so allotted over the greater of \$500,000 or the amount payable to the State under

Deadline.

this section for fiscal year 1998 bears to the sum of such excess amounts determined for all such States.

“(d) USE OF FUNDS.—

“(1) IN GENERAL.—A State to which an amount is paid from its allotment under subsection (c) may use the amount in any manner that is reasonably calculated to accomplish the purposes of this section.

“(2) NO SUPPLANTATION OF OTHER FUNDS AVAILABLE FOR SAME GENERAL PURPOSES.—The amounts paid to a State from its allotment under subsection (c) shall be used to supplement and not supplant any other funds which are available for the same general purposes in the State.

“(3) TWO-YEAR AVAILABILITY OF FUNDS.—Payments made to a State under this section for a fiscal year shall be expended by the State in the fiscal year or in the succeeding fiscal year.

“(e) PENALTIES.—

“(1) USE OF GRANT IN VIOLATION OF THIS PART.—If the Secretary is made aware, by an audit conducted under chapter 75 of title 31, United States Code, or by any other means, that a program receiving funds from an allotment made to a State under subsection (c) has been operated in a manner that is inconsistent with, or not disclosed in the State application approved under subsection (b), the Secretary shall assess a penalty against the State in an amount equal to not less than 1 percent and not more than 5 percent of the amount of the allotment.

“(2) FAILURE TO COMPLY WITH DATA REPORTING REQUIREMENT.—The Secretary shall assess a penalty against a State that fails during a fiscal year to comply with an information collection plan implemented under subsection (f) in an amount equal to not less than 1 percent and not more than 5 percent of the amount allotted to the State for the fiscal year.

“(3) PENALTIES BASED ON DEGREE OF NONCOMPLIANCE.—The Secretary shall assess penalties under this subsection based on the degree of noncompliance.

“(f) DATA COLLECTION AND PERFORMANCE MEASUREMENT.—

“(1) IN GENERAL.—The Secretary, in consultation with State and local public officials responsible for administering independent living and other child welfare programs, child welfare advocates, Members of Congress, youth service providers, and researchers, shall—

“(A) develop outcome measures (including measures of educational attainment, high school diploma, employment, avoidance of dependency, homelessness, nonmarital childbirth, incarceration, and high-risk behaviors) that can be used to assess the performance of States in operating independent living programs;

“(B) identify data elements needed to track—

“(i) the number and characteristics of children receiving services under this section;

“(ii) the type and quantity of services being provided; and

“(iii) State performance on the outcome measures; and

“(C) develop and implement a plan to collect the needed information beginning with the second fiscal year beginning after the date of the enactment of this section.

Deadline.

“(2) REPORT TO THE CONGRESS.—Within 12 months after the date of the enactment of this section, the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the plans and timetable for collecting from the States the information described in paragraph (1) and a proposal to impose penalties consistent with paragraph (e)(2) on States that do not report data.

“(g) EVALUATIONS.—

“(1) IN GENERAL.—The Secretary shall conduct evaluations of such State programs funded under this section as the Secretary deems to be innovative or of potential national significance. The evaluation of any such program shall include information on the effects of the program on education, employment, and personal development. To the maximum extent practicable, the evaluations shall be based on rigorous scientific standards including random assignment to treatment and control groups. The Secretary is encouraged to work directly with State and local governments to design methods for conducting the evaluations, directly or by grant, contract, or cooperative agreement.

“(2) FUNDING OF EVALUATIONS.—The Secretary shall reserve 1.5 percent of the amount specified in subsection (h) for a fiscal year to carry out, during the fiscal year, evaluation, technical assistance, performance measurement, and data collection activities related to this section, directly or through grants, contracts, or cooperative agreements with appropriate entities.

“(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section and for payments to States under section 474(a)(4), there are authorized to be appropriated to the Secretary \$140,000,000 for each fiscal year.”.

(c) PAYMENTS TO STATES.—Section 474(a)(4) of such Act (42 U.S.C. 674(a)(4)) is amended to read as follows:

“(4) the lesser of—

“(A) 80 percent of the amount (if any) by which—

“(i) the total amount expended by the State during the fiscal year in which the quarter occurs to carry out programs in accordance with the State application approved under section 477(b) for the period in which the quarter occurs (including any amendment that meets the requirements of section 477(b)(5)); exceeds

“(ii) the total amount of any penalties assessed against the State under section 477(e) during the fiscal year in which the quarter occurs; or

“(B) the amount allotted to the State under section 477 for the fiscal year in which the quarter occurs, reduced by the total of the amounts payable to the State under this paragraph for all prior quarters in the fiscal year.”.

Deadline.  
42 USC 677 note.

(d) REGULATIONS.—Not later than 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall issue such regulations as may be necessary to carry out the amendments made by this section.

(e) SENSE OF THE CONGRESS.—It is the sense of the Congress that States should provide medical assistance under the State plan approved under title XIX of the Social Security Act to 18-, 19-, and 20-year-olds who have been emancipated from foster care.

## Subtitle B—Related Foster Care Provision

### SEC. 111. INCREASE IN AMOUNT OF ASSETS ALLOWABLE FOR CHILDREN IN FOSTER CARE.

Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended by adding at the end the following: “In determining whether a child would have received aid under a State plan approved under section 402 (as in effect on July 16, 1996), a child whose resources (determined pursuant to section 402(a)(7)(B), as so in effect) have a combined value of not more than \$10,000 shall be considered to be a child whose resources have a combined value of not more than \$1,000 (or such lower amount as the State may determine for purposes of such section 402(a)(7)(B)).”.

### SEC. 112. PREPARATION OF FOSTER PARENTS TO PROVIDE FOR THE NEEDS OF CHILDREN IN STATE CARE.

(a) STATE PLAN REQUIREMENT.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(1) by striking “and” at the end of paragraph (22);

(2) by striking the period at the end of paragraph (23) and inserting “; and”; and

(3) by adding at the end the following:

“(24) include a certification that, before a child in foster care under the responsibility of the State is placed with prospective foster parents, the prospective foster parents will be prepared adequately with the appropriate knowledge and skills to provide for the needs of the child, and that such preparation will be continued, as necessary, after the placement of the child.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 1999. 42 USC 671 note.

## Subtitle C—Medicaid Amendments

### SEC. 121. STATE OPTION OF MEDICAID COVERAGE FOR ADOLESCENTS LEAVING FOSTER CARE.

(a) IN GENERAL.—Subject to subsection (c), title XIX of the Social Security Act, is amended—

(1) in section 1902(a)(10)(A)(ii) (42 U.S.C. 1396a(a)(10)(A)(ii))—

(A) by striking “or” at the end of subclause (XIII);

(B) by adding “or” at the end of subclause (XIV); and

(C) by adding at the end the following new subclause:

“(XV) who are independent foster care adolescents (as defined in section 1905(v)(1)), or who are within any reasonable categories of such adolescents specified by the State;” and

(2) by adding at the end of section 1905 (42 U.S.C. 1396d) the following new subsection:

“(v)(1) For purposes of this title, the term ‘independent foster care adolescent’ means an individual—

“(A) who is under 21 years of age;

“(B) who, on the individual’s 18th birthday, was in foster care under the responsibility of a State; and

“(C) whose assets, resources, and income do not exceed such levels (if any) as the State may establish consistent with paragraph (2).

“(2) The levels established by a State under paragraph (1)(C) may not be less than the corresponding levels applied by the State under section 1931(b).

“(3) A State may limit the eligibility of independent foster care adolescents under section 1902(a)(10)(A)(ii)(XV) to those individuals with respect to whom foster care maintenance payments or independent living services were furnished under a program funded under part E of title IV before the date the individuals attained 18 years of age.”

Applicability.  
42 USC 1396a  
note.

42 USC 1396a  
note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to medical assistance for items and services furnished on or after October 1, 1999.

(c) CONTINGENCY IN ENACTMENT.—If the Ticket to Work and Work Incentives Improvement Act of 1999 is enacted (whether before, on, or after the date of the enactment of this Act)—

(1) the amendments made by that Act shall be executed as if this Act had been enacted after the enactment of such other Act;

(2) with respect to subsection (a)(1)(A) of this section, any reference to subclause (XIII) is deemed a reference to subclause (XV);

(3) with respect to subsection (a)(1)(B) of this section, any reference to subclause (XIV) is deemed a reference to subclause (XVI);

42 USC 1396a.

(4) the subclause (XV) added by subsection (a)(1)(C) of this section—

(A) is redesignated as subclause (XVII); and

(B) is amended by striking “section 1905(v)(1)” and inserting “section 1905(w)(1)”; and

42 USC 1396d.

(5) the subsection (v) added by subsection (a)(2) of this section—

(A) is redesignated as subsection (w); and

(B) is amended by striking “1902(a)(10)(A)(ii)(XV)” and inserting “1902(a)(10)(A)(ii)(XVII)”.

## Subtitle D—Adoption Incentive Payments

### SEC. 131. INCREASED FUNDING FOR ADOPTION INCENTIVE PAYMENTS.

(a) SUPPLEMENTAL GRANTS.—Section 473A of the Social Security Act (42 U.S.C. 673b) is amended by adding at the end the following:

“(j) SUPPLEMENTAL GRANTS.—

“(1) IN GENERAL.—Subject to the availability of such amounts as may be provided in advance in appropriations Acts, in addition to any amount otherwise payable under this section to any State that is an incentive-eligible State for fiscal year 1998, the Secretary shall make a grant to the State in an amount equal to the lesser of—

“(A) the amount by which—

“(i) the amount that would have been payable to the State under this section during fiscal year 1999 (on the basis of adoptions in fiscal year 1998) in the absence of subsection (d)(2) if sufficient funds had been available for the payment; exceeds

“(ii) the amount that, before the enactment of this subsection, was payable to the State under this section during fiscal year 1999 (on such basis); or

“(B) the amount that bears the same ratio to the dollar amount specified in paragraph (2) as the amount described by subparagraph (A) for the State bears to the aggregate of the amounts described by subparagraph (A) for all States that are incentive-eligible States for fiscal year 1998.

“(2) FUNDING.—\$23,000,000 of the amounts appropriated under subsection (h)(1) for fiscal year 2000 may be used for grants under paragraph (1) of this subsection.”.

(b) LIMITATION ON AUTHORIZATION OF APPROPRIATIONS.—Section 473A(h)(1) of the Social Security Act (42 U.S.C. 673b(h)(1)) is amended to read as follows:

“(1) IN GENERAL.—For grants under subsection (a), there are authorized to be appropriated to the Secretary—

“(A) \$20,000,000 for fiscal year 1999;

“(B) \$43,000,000 for fiscal year 2000; and

“(C) \$20,000,000 for each of fiscal years 2001 through 2003.”.

## TITLE II—SSI FRAUD PREVENTION

### Subtitle A—Fraud Prevention and Related Provisions

#### SEC. 201. LIABILITY OF REPRESENTATIVE PAYEES FOR OVERPAYMENTS TO DECEASED RECIPIENTS.

Records.

(a) AMENDMENT TO TITLE II.—Section 204(a)(2) of the Social Security Act (42 U.S.C. 404(a)(2)) is amended by adding at the end the following new sentence: “If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual’s death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.”.

(b) AMENDMENT TO TITLE XVI.—Section 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amended by adding at the end the following new sentence: “If any payment of more than the correct amount is made to a representative payee on behalf of an individual after the individual’s death, the representative payee shall be liable for the repayment of the overpayment, and the Commissioner of Social Security shall establish an overpayment control record under the social security account number of the representative payee.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to overpayments made 12 months or more after the date of the enactment of this Act.

Applicability.  
42 USC 404 note.

**SEC. 202. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS FROM LUMP SUM SSI BENEFIT PAYMENTS.**

(a) **IN GENERAL.**—Section 1631(b)(1)(B)(ii) of the Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is amended—

(1) by inserting “monthly” before “benefit payments”; and

(2) by inserting “and in the case of an individual or eligible spouse to whom a lump sum is payable under this title (including under section 1616(a) of this Act or under an agreement entered into under section 212(a) of Public Law 93-66) shall, as at least one means of recovering such overpayment, make the adjustment or recovery from the lump sum payment in an amount equal to not less than the lesser of the amount of the overpayment or 50 percent of the lump sum payment,” before “unless fraud”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect 12 months after the date of the enactment of this Act and shall apply to amounts incorrectly paid which remain outstanding on or after such date.

Applicability.  
42 USC 1383  
note.

**SEC. 203. ADDITIONAL DEBT COLLECTION PRACTICES.**

(a) **IN GENERAL.**—Section 1631(b) of the Social Security Act (42 U.S.C. 1383(b)) is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following:

“(4)(A) With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31, United States Code, and in section 5514 of title 5, United States Code, all as in effect immediately after the enactment of the Debt Collection Improvement Act of 1996.

“(B) For purposes of subparagraph (A), the term ‘delinquent amount’ means an amount—

“(i) in excess of the correct amount of payment under this title;

“(ii) paid to a person after such person has attained 18 years of age; and

“(iii) determined by the Commissioner of Social Security, under regulations, to be otherwise unrecoverable under this section after such person ceases to be a beneficiary under this title.”

(b) **CONFORMING AMENDMENTS.**—Section 3701(d)(2) of title 31, United States Code, is amended by striking “section 204(f)” and inserting “sections 204(f) and 1631(b)(4)”.

(c) **TECHNICAL AMENDMENTS.**—Section 204(f) of the Social Security Act (42 U.S.C. 404(f)) is amended—

(1) by striking “3711(e)” and inserting “3711(f)”; and

(2) by inserting “all” before “as in effect”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to debt outstanding on or after the date of the enactment of this Act.

Applicability.  
31 USC 3701  
note.

**SEC. 204. REQUIREMENT TO PROVIDE STATE PRISONER INFORMATION TO FEDERAL AND FEDERALLY ASSISTED BENEFIT PROGRAMS.**

Section 1611(e)(1)(I)(ii)(II) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by striking “is authorized to” and inserting “shall”.

**SEC. 205. TREATMENT OF ASSETS HELD IN TRUST UNDER THE SSI PROGRAM.**

(a) **TREATMENT AS RESOURCE.**—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

“Trusts

“(e)(1) In determining the resources of an individual, paragraph (3) shall apply to a trust (other than a trust described in paragraph (5)) established by the individual. Applicability.

“(2)(A) For purposes of this subsection, an individual shall be considered to have established a trust if any assets of the individual (or of the individual’s spouse) are transferred to the trust other than by will.

“(B) In the case of an irrevocable trust to which are transferred the assets of an individual (or of the individual’s spouse) and the assets of any other person, this subsection shall apply to the portion of the trust attributable to the assets of the individual (or of the individual’s spouse).

“(C) This subsection shall apply to a trust without regard to—

“(i) the purposes for which the trust is established;

“(ii) whether the trustees have or exercise any discretion under the trust;

“(iii) any restrictions on when or whether distributions may be made from the trust; or

“(iv) any restrictions on the use of distributions from the trust.

“(3)(A) In the case of a revocable trust established by an individual, the corpus of the trust shall be considered a resource available to the individual.

“(B) In the case of an irrevocable trust established by an individual, if there are any circumstances under which payment from the trust could be made to or for the benefit of the individual (or of the individual’s spouse), the portion of the corpus from which payment to or for the benefit of the individual (or of the individual’s spouse) could be made shall be considered a resource available to the individual.

“(4) The Commissioner of Social Security may waive the application of this subsection with respect to an individual if the Commissioner determines that such application would work an undue hardship (as determined on the basis of criteria established by the Commissioner) on the individual.

“(5) This subsection shall not apply to a trust described in subparagraph (A) or (C) of section 1917(d)(4).

“(6) For purposes of this subsection—

“(A) the term ‘trust’ includes any legal instrument or device that is similar to a trust;

“(B) the term ‘corpus’ means, with respect to a trust, all property and other interests held by the trust, including accumulated earnings and any other addition to the trust after its establishment (except that such term does not include any such earnings or addition in the month in which the earnings or addition is credited or otherwise transferred to the trust); and

“(C) the term ‘asset’ includes any income or resource of the individual (or of the individual’s spouse), including—

“(i) any income excluded by section 1612(b);

“(ii) any resource otherwise excluded by this section;

and

“(iii) any other payment or property to which the individual (or of the individual’s spouse) is entitled but does not receive or have access to because of action by—

“(I) the individual or spouse;

“(II) a person or entity (including a court) with legal authority to act in place of, or on behalf of, the individual or spouse; or

“(III) a person or entity (including a court) acting at the direction of, or on the request of, the individual or spouse.”

(b) TREATMENT AS INCOME.—Section 1612(a)(2) of such Act (42 U.S.C. 1382a(a)(2)) is amended—

(1) by striking “and” at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting “; and”; and

(3) by adding at the end the following:

“(G) any earnings of, and additions to, the corpus of a trust established by an individual (within the meaning of section 1613(e)), of which the individual is a beneficiary, to which section 1613(e) applies, and, in the case of an irrevocable trust, with respect to which circumstances exist under which a payment from the earnings or additions could be made to or for the benefit of the individual.”

(c) CONFORMING AMENDMENTS.—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)) is amended—

(1) by striking “and” at the end of subparagraph (E);

(2) by adding “and” at the end of subparagraph (F); and

(3) by inserting after subparagraph (F) the following:

“(G) that, in applying eligibility criteria of the supplemental security income program under title XVI for purposes of determining eligibility for medical assistance under the State plan of an individual who is not receiving supplemental security income, the State will disregard the provisions of section 1613(e);”

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2000, and shall apply to trusts established on or after such date.

Applicability.  
42 USC 1382a  
note.

**SEC. 206. DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE UNDER THE SSI PROGRAM.**

(a) IN GENERAL.—Section 1613(c) of the Social Security Act (42 U.S.C. 1382b(c)) is amended—

(1) in the caption, by striking “Notification of Medicaid Policy Restricting Eligibility of Institutionalized Individuals for Benefits Based on”;

(2) in paragraph (1)—

(A) in subparagraph (A)—

(i) by inserting “paragraph (1) and” after “provisions of”;

(ii) by striking “title XIX” the first place it appears and inserting “this title and title XIX, respectively,”;

(iii) by striking “subparagraph (B)” and inserting “clause (ii)”;

(iv) by striking “paragraph (2)” and inserting “subparagraph (B)”;

(B) in subparagraph (B)—

(i) by striking “by the State agency”; and

(ii) by striking “section 1917(c)” and all that follows and inserting “paragraph (1) or section 1917(c).”; and

(C) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) in paragraph (2)—

(A) by striking “(2)” and inserting “(B)”; and

(B) by striking “paragraph (1)(B)” and inserting “subparagraph (A)(ii)”;

(4) by striking “(c)(1)” and inserting “(2)(A)”; and

(5) by inserting before paragraph (2) (as so redesignated by paragraph (4) of this subsection) the following:

“(c)(1)(A)(i) If an individual or the spouse of an individual disposes of resources for less than fair market value on or after the look-back date described in clause (ii)(I), the individual is ineligible for benefits under this title for months during the period beginning on the date described in clause (iii) and equal to the number of months calculated as provided in clause (iv).

“(ii)(I) The look-back date described in this subclause is a date that is 36 months before the date described in subclause (II).

“(II) The date described in this subclause is the date on which the individual applies for benefits under this title or, if later, the date on which the individual (or the spouse of the individual) disposes of resources for less than fair market value.

“(iii) The date described in this clause is the first day of the first month in or after which resources were disposed of for less than fair market value and which does not occur in any other period of ineligibility under this paragraph.

“(iv) The number of months calculated under this clause shall be equal to—

“(I) the total, cumulative uncompensated value of all resources so disposed of by the individual (or the spouse of the individual) on or after the look-back date described in clause (ii)(I); divided by

“(II) the amount of the maximum monthly benefit payable under section 1611(b), plus the amount (if any) of the maximum State supplementary payment corresponding to the State’s payment level applicable to the individual’s living arrangement and eligibility category that would otherwise be payable to the individual by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66, for the month in which occurs the date described in clause (ii)(II),

rounded, in the case of any fraction, to the nearest whole number, but shall not in any case exceed 36 months.

“(B)(i) Notwithstanding subparagraph (A), this subsection shall not apply to a transfer of a resource to a trust if the portion of the trust attributable to the resource is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)).

“(ii) In the case of a trust established by an individual or an individual’s spouse (within the meaning of subsection (e)), if from such portion of the trust, if any, that is considered a resource available to the individual pursuant to subsection (e)(3) (or would be so considered but for the application of subsection (e)(4)) or the residue of the portion on the termination of the trust—

“(I) there is made a payment other than to or for the benefit of the individual; or

“(II) no payment could under any circumstance be made to the individual,

then, for purposes of this subsection, the payment described in clause (I) or the foreclosure of payment described in clause (II) shall be considered a transfer of resources by the individual or the individual’s spouse as of the date of the payment or foreclosure, as the case may be.

“(C) An individual shall not be ineligible for benefits under this title by reason of the application of this paragraph to a disposal of resources by the individual or the spouse of the individual, to the extent that—

“(i) the resources are a home and title to the home was transferred to—

“(I) the spouse of the transferor;

“(II) a child of the transferor who has not attained 21 years of age, or is blind or disabled;

“(III) a sibling of the transferor who has an equity interest in such home and who was residing in the transferor’s home for a period of at least 1 year immediately before the date the transferor becomes an institutionalized individual; or

“(IV) a son or daughter of the transferor (other than a child described in subclause (II)) who was residing in the transferor’s home for a period of at least 2 years immediately before the date the transferor becomes an institutionalized individual, and who provided care to the transferor which permitted the transferor to reside at home rather than in such an institution or facility;

“(ii) the resources—

“(I) were transferred to the transferor’s spouse or to another for the sole benefit of the transferor’s spouse;

“(II) were transferred from the transferor’s spouse to another for the sole benefit of the transferor’s spouse;

“(III) were transferred to, or to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of, the transferor’s child who is blind or disabled; or

“(IV) were transferred to a trust (including a trust described in section 1917(d)(4)) established solely for the benefit of an individual who has not attained 65 years of age and who is disabled;

“(iii) a satisfactory showing is made to the Commissioner of Social Security (in accordance with regulations promulgated by the Commissioner) that—

“(I) the individual who disposed of the resources intended to dispose of the resources either at fair market value, or for other valuable consideration;

“(II) the resources were transferred exclusively for a purpose other than to qualify for benefits under this title; or

“(III) all resources transferred for less than fair market value have been returned to the transferor; or

“(iv) the Commissioner determines, under procedures established by the Commissioner, that the denial of eligibility would work an undue hardship as determined on the basis of criteria established by the Commissioner.

“(D) For purposes of this subsection, in the case of a resource held by an individual in common with another person or persons in a joint tenancy, tenancy in common, or similar arrangement, the resource (or the affected portion of such resource) shall be considered to be disposed of by the individual when any action is taken, either by the individual or by any other person, that reduces or eliminates the individual’s ownership or control of such resource.

“(E) In the case of a transfer by the spouse of an individual that results in a period of ineligibility for the individual under this subsection, the Commissioner shall apportion the period (or any portion of the period) among the individual and the individual’s spouse if the spouse becomes eligible for benefits under this title.

“(F) For purposes of this paragraph—

“(i) the term ‘benefits under this title’ includes payments of the type described in section 1616(a) of this Act and of the type described in section 212(b) of Public Law 93-66;

“(ii) the term ‘institutionalized individual’ has the meaning given such term in section 1917(e)(3); and

“(iii) the term ‘trust’ has the meaning given such term in subsection (e)(6)(A) of this section.”

(b) **CONFORMING AMENDMENT.**—Section 1902(a)(10) of the Social Security Act (42 U.S.C. 1396a(a)(10)), as amended by section 205(c) of this Act, is amended by striking “section 1613(e)” and inserting “subsections (c) and (e) of section 1613”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be effective with respect to disposals made on or after the date of the enactment of this Act.

42 USC 1382b  
note.

**SEC. 207. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

(a) **IN GENERAL.**—Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129 the following:

**“SEC. 1129A. ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES FOR FALSE OR MISLEADING STATEMENTS.**

42 USC 1320a-  
8a.

“(a) **IN GENERAL.**—Any person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuing right to or the amount of—

“(1) monthly insurance benefits under title II; or

“(2) benefits or payments under title XVI,

that the person knows or should know is false or misleading or knows or should know omits a material fact or who makes such a statement with knowing disregard for the truth shall be subject

to, in addition to any other penalties that may be prescribed by law, a penalty described in subsection (b) to be imposed by the Commissioner of Social Security.

“(b) PENALTY.—The penalty described in this subsection is—

“(1) nonpayment of benefits under title II that would otherwise be payable to the person; and

“(2) ineligibility for cash benefits under title XVI, for each month that begins during the applicable period described in subsection (c).

“(c) DURATION OF PENALTY.—The duration of the applicable period, with respect to a determination by the Commissioner under subsection (a) that a person has engaged in conduct described in subsection (a), shall be—

“(1) six consecutive months, in the case of the first such determination with respect to the person;

“(2) twelve consecutive months, in the case of the second such determination with respect to the person; and

“(3) twenty-four consecutive months, in the case of the third or subsequent such determination with respect to the person.

“(d) EFFECT ON OTHER ASSISTANCE.—A person subject to a period of nonpayment of benefits under title II or ineligibility for title XVI benefits by reason of this section nevertheless shall be considered to be eligible for and receiving such benefits, to the extent that the person would be receiving or eligible for such benefits but for the imposition of the penalty, for purposes of—

“(1) determination of the eligibility of the person for benefits under titles XVIII and XIX; and

“(2) determination of the eligibility or amount of benefits payable under title II or XVI to another person.

“(e) DEFINITION.—In this section, the term ‘benefits under title XVI’ includes State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

“(f) CONSULTATIONS.—The Commissioner of Social Security shall consult with the Inspector General of the Social Security Administration regarding initiating actions under this section.”.

(b) CONFORMING AMENDMENT PRECLUDING DELAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Section 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B)) is amended—

(1) by striking “and” at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting “, and”; and

(3) by adding at the end the following:

“(iii) such individual was not subject to a penalty imposed under section 1129A.”.

(c) ELIMINATION OF REDUNDANT PROVISION.—Section 1611(e) of such Act (42 U.S.C. 1382(e)) is amended—

(1) by striking paragraph (4);

(2) in paragraph (6)(A)(i), by striking “(5)” and inserting “(4)”; and

(3) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(d) REGULATIONS.—Within 6 months after the date of the enactment of this Act, the Commissioner of Social Security shall develop regulations that prescribe the administrative process for making

determinations under section 1129A of the Social Security Act (including when the applicable period in subsection (c) of such section shall commence), and shall provide guidance on the exercise of discretion as to whether the penalty should be imposed in particular cases.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to statements and representations made on or after the date of the enactment of this Act.

Applicability.  
42 USC 402 note.

**SEC. 208. EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS.**

(a) **IN GENERAL.**—Part A of title XI of the Social Security Act is amended by inserting before section 1137 (42 U.S.C. 1320b-7) the following:

“EXCLUSION OF REPRESENTATIVES AND HEALTH CARE PROVIDERS CONVICTED OF VIOLATIONS FROM PARTICIPATION IN SOCIAL SECURITY PROGRAMS

“SEC. 1136. (a) **IN GENERAL.**—The Commissioner of Social Security shall exclude from participation in the social security programs any representative or health care provider—

42 USC 1320b-6.

“(1) who is convicted of a violation of section 208 or 1632 of this Act;

“(2) who is convicted of any violation under title 18, United States Code, relating to an initial application for or continuing entitlement to, or amount of, benefits under title II of this Act, or an initial application for or continuing eligibility for, or amount of, benefits under title XVI of this Act; or

“(3) who the Commissioner determines has committed an offense described in section 1129(a)(1) of this Act.

“(b) **NOTICE, EFFECTIVE DATE, AND PERIOD OF EXCLUSION.**—  
(1) An exclusion under this section shall be effective at such time, for such period, and upon such reasonable notice to the public and to the individual excluded as may be specified in regulations consistent with paragraph (2).

“(2) Such an exclusion shall be effective with respect to services furnished to any individual on or after the effective date of the exclusion. Nothing in this section may be construed to preclude, in determining disability under title II or title XVI, consideration of any medical evidence derived from services provided by a health care provider before the effective date of the exclusion of the health care provider under this section.

“(3)(A) The Commissioner shall specify, in the notice of exclusion under paragraph (1), the period of the exclusion.

“(B) Subject to subparagraph (C), in the case of an exclusion under subsection (a), the minimum period of exclusion shall be 5 years, except that the Commissioner may waive the exclusion in the case of an individual who is the sole source of essential services in a community. The Commissioner’s decision whether to waive the exclusion shall not be reviewable.

“(C) In the case of an exclusion of an individual under subsection (a) based on a conviction or a determination described in subsection (a)(3) occurring on or after the date of the enactment of this section, if the individual has (before, on, or after such date of the enactment) been convicted, or if such a determination has been made with respect to the individual—

“(i) on one previous occasion of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be not less than 10 years; or

“(ii) on two or more previous occasions of one or more offenses for which an exclusion may be effected under such subsection, the period of the exclusion shall be permanent.

“(c) NOTICE TO STATE AGENCIES.—The Commissioner shall promptly notify each appropriate State agency employed for the purpose of making disability determinations under section 221 or 1633(a)—

“(1) of the fact and circumstances of each exclusion effected against an individual under this section; and

“(2) of the period (described in subsection (b)(3)) for which the State agency is directed to exclude the individual from participation in the activities of the State agency in the course of its employment.

“(d) NOTICE TO STATE LICENSING AGENCIES.—The Commissioner shall—

“(1) promptly notify the appropriate State or local agency or authority having responsibility for the licensing or certification of an individual excluded from participation under this section of the fact and circumstances of the exclusion;

“(2) request that appropriate investigations be made and sanctions invoked in accordance with applicable State law and policy; and

“(3) request that the State or local agency or authority keep the Commissioner and the Inspector General of the Social Security Administration fully and currently informed with respect to any actions taken in response to the request.

“(e) NOTICE, HEARING, AND JUDICIAL REVIEW.—(1) Any individual who is excluded (or directed to be excluded) from participation under this section is entitled to reasonable notice and opportunity for a hearing thereon by the Commissioner to the same extent as is provided in section 205(b), and to judicial review of the Commissioner’s final decision after such hearing as is provided in section 205(g).

Applicability.

“(2) The provisions of section 205(h) shall apply with respect to this section to the same extent as it is applicable with respect to title II.

“(f) APPLICATION FOR TERMINATION OF EXCLUSION.—(1) An individual excluded from participation under this section may apply to the Commissioner, in the manner specified by the Commissioner in regulations and at the end of the minimum period of exclusion provided under subsection (b)(3) and at such other times as the Commissioner may provide, for termination of the exclusion effected under this section.

“(2) The Commissioner may terminate the exclusion if the Commissioner determines, on the basis of the conduct of the applicant which occurred after the date of the notice of exclusion or which was unknown to the Commissioner at the time of the exclusion, that—

“(A) there is no basis under subsection (a) for a continuation of the exclusion; and

“(B) there are reasonable assurances that the types of actions which formed the basis for the original exclusion have not recurred and will not recur.

“(3) The Commissioner shall promptly notify each State agency employed for the purpose of making disability determinations under section 221 or 1633(a) of the fact and circumstances of each termination of exclusion made under this subsection. Notification.

“(g) AVAILABILITY OF RECORDS OF EXCLUDED REPRESENTATIVES AND HEALTH CARE PROVIDERS.—Nothing in this section shall be construed to have the effect of limiting access by any applicant or beneficiary under title II or XVI, any State agency acting under section 221 or 1633(a), or the Commissioner to records maintained by any representative or health care provider in connection with services provided to the applicant or beneficiary prior to the exclusion of such representative or health care provider under this section.

“(h) REPORTING REQUIREMENT.—Any representative or health care provider participating in, or seeking to participate in, a social security program shall inform the Commissioner, in such form and manner as the Commissioner shall prescribe by regulation, whether such representative or health care provider has been convicted of a violation described in subsection (a). Regulations.

“(i) DELEGATION OF AUTHORITY.—The Commissioner may delegate authority granted by this section to the Inspector General.

“(j) DEFINITIONS.—For purposes of this section:

“(1) EXCLUDE.—The term ‘exclude’ from participation means—

“(A) in connection with a representative, to prohibit from engaging in representation of an applicant for, or recipient of, benefits, as a representative payee under section 205(j) or section 1631(a)(2)(A)(ii), or otherwise as a representative, in any hearing or other proceeding relating to entitlement to benefits; and

“(B) in connection with a health care provider, to prohibit from providing items or services to an applicant for, or recipient of, benefits for the purpose of assisting such applicant or recipient in demonstrating disability.

“(2) SOCIAL SECURITY PROGRAM.—The term ‘social security programs’ means the program providing for monthly insurance benefits under title II, and the program providing for monthly supplemental security income benefits to individuals under title XVI (including State supplementary payments made by the Commissioner pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66).

“(3) CONVICTED.—An individual is considered to have been ‘convicted’ of a violation—

“(A) when a judgment of conviction has been entered against the individual by a Federal, State, or local court, except if the judgment of conviction has been set aside or expunged;

“(B) when there has been a finding of guilt against the individual by a Federal, State, or local court;

“(C) when a plea of guilty or nolo contendere by the individual has been accepted by a Federal, State, or local court; or

“(D) when the individual has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.”.

Applicability.  
42 USC 1320b-6  
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to convictions of violations described in paragraphs (1) and (2) of section 1136(a) of the Social Security Act and determinations described in paragraph (3) of such section occurring on or after the date of the enactment of this Act.

42 USC 1306b.

**SEC. 209. STATE DATA EXCHANGES.**

Whenever the Commissioner of Social Security requests information from a State for the purpose of ascertaining an individual's eligibility for benefits (or the correct amount of such benefits) under title II or XVI of the Social Security Act, the standards of the Commissioner promulgated pursuant to section 1106 of such Act or any other Federal law for the use, safeguarding, and disclosure of information are deemed to meet any standards of the State that would otherwise apply to the disclosure of information by the State to the Commissioner.

42 USC 1320a-8  
note.

**SEC. 210. STUDY ON POSSIBLE MEASURES TO IMPROVE FRAUD PREVENTION AND ADMINISTRATIVE PROCESSING.**

(a) **STUDY.**—As soon as practicable after the date of the enactment of this Act, the Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration and the Attorney General, shall conduct a study of possible measures to improve—

(1) prevention of fraud on the part of individuals entitled to disability benefits under section 223 of the Social Security Act or benefits under section 202 of such Act based on the beneficiary's disability, individuals eligible for supplemental security income benefits under title XVI of such Act, and applicants for any such benefits; and

(2) timely processing of reported income changes by individuals receiving such benefits.

Deadline.

(b) **REPORT.**—Not later than 1 year after the date of the enactment of this Act, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report that contains the results of the Commissioner's study under subsection (a). The report shall contain such recommendations for legislative and administrative changes as the Commissioner considers appropriate.

**SEC. 211. ANNUAL REPORT ON AMOUNTS NECESSARY TO COMBAT FRAUD.**

(a) **IN GENERAL.**—Section 704(b)(1) of the Social Security Act (42 U.S.C. 904(b)(1)) is amended—

(1) by inserting "(A)" after "(b)(1)"; and

(2) by adding at the end the following new subparagraph:

"(B) The Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) an itemization of the amount of funds required by the Social Security Administration for the fiscal year covered by the budget to support efforts to combat fraud committed by applicants and beneficiaries."

Applicability.  
42 USC 904 note.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to annual budgets prepared for fiscal years after fiscal year 1999.

**SEC. 212. COMPUTER MATCHES WITH MEDICARE AND MEDICAID INSTITUTIONALIZATION DATA.**

(a) **IN GENERAL.**—Section 1611(e)(1) of the Social Security Act (42 U.S.C. 1382(e)(1)) is amended by adding at the end the following:

“(J) For the purpose of carrying out this paragraph, the Commissioner of Social Security shall conduct periodic computer matches with data maintained by the Secretary of Health and Human Services under title XVIII or XIX. The Secretary shall furnish to the Commissioner, in such form and manner and under such terms as the Commissioner and the Secretary shall mutually agree, such information as the Commissioner may request for this purpose. Information obtained pursuant to such a match may be substituted for the physician’s certification otherwise required under subparagraph (G)(i).”.

(b) **CONFORMING AMENDMENT.**—Section 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is amended by striking “subparagraph (H)” and inserting “subparagraph (H) or (J)”.

**SEC. 213. ACCESS TO INFORMATION HELD BY FINANCIAL INSTITUTIONS.**

Section 1631(e)(1)(B) of the Social Security Act (42 U.S.C. 1383(e)(1)(B)) is amended—

(1) by striking “(B) The” and inserting “(B)(i) The”; and

(2) by adding at the end the following new clause:

“(ii)(I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

“(II) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subclause (I) of this clause shall remain effective until the earliest of—

“(aa) the rendering of a final adverse decision on the applicant’s application for eligibility for benefits under this title;

“(bb) the cessation of the recipient’s eligibility for benefits under this title; or

“(cc) the express revocation by the applicant or recipient (or such other person referred to in subclause (I)) of the authorization, in a written notification to the Commissioner.

“(III)(aa) An authorization obtained by the Commissioner of Social Security pursuant to this clause shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

“(bb) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this clause.

“(cc) A request by the Commissioner pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

“(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

“(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title.”

## **Subtitle B—Benefits For Certain World War II Veterans**

### **SEC. 251. ESTABLISHMENT OF PROGRAM OF SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS.**

(a) IN GENERAL.—The Social Security Act is amended by inserting after title VII the following new title:

## **“TITLE VIII—SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS**

### **“TABLE OF CONTENTS**

- “Sec. 801. Basic entitlement to benefits.
- “Sec. 802. Qualified individuals.
- “Sec. 803. Residence outside the United States.
- “Sec. 804. Disqualifications.
- “Sec. 805. Benefit amount.
- “Sec. 806. Applications and furnishing of information.
- “Sec. 807. Representative payees.
- “Sec. 808. Overpayments and underpayments.
- “Sec. 809. Hearings and review.
- “Sec. 810. Other administrative provisions.
- “Sec. 811. Penalties for fraud.
- “Sec. 812. Definitions.
- “Sec. 813. Appropriations.

42 USC 1001. **“SEC. 801. BASIC ENTITLEMENT TO BENEFITS.**

“Every individual who is a qualified individual under section 802 shall, in accordance with and subject to the provisions of this title, be entitled to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or such earlier month, if the Commissioner determines is administratively feasible) the individual resides outside the United States.

42 USC 1002. **“SEC. 802. QUALIFIED INDIVIDUALS.**

“Except as otherwise provided in this title, an individual—  
 “(1) who has attained the age of 65 on or before the date of the enactment of this title;

“(2) who is a World War II veteran;

“(3) who is eligible for a supplemental security income benefit under title XVI for—

“(A) the month in which this title is enacted; and

“(B) the month in which the individual files an application for benefits under this title;

“(4) whose total benefit income is less than 75 percent of the Federal benefit rate under title XVI;

“(5) who has filed an application for benefits under this title; and

“(6) who is in compliance with all requirements imposed by the Commissioner of Social Security under this title, shall be a qualified individual for purposes of this title.

**“SEC. 803. RESIDENCE OUTSIDE THE UNITED STATES.**

42 USC 1003.

“For purposes of section 801, with respect to any month, an individual shall be regarded as residing outside the United States if, on the first day of the month, the individual so resides outside the United States.

**“SEC. 804. DISQUALIFICATIONS.**

42 USC 1004.

“(a) IN GENERAL.—Notwithstanding section 802, an individual may not be a qualified individual for any month—

“(1) that begins after the month in which the Commissioner of Social Security is notified by the Attorney General that the individual has been removed from the United States pursuant to section 237(a) or 212(a)(6)(A) of the Immigration and Nationality Act and before the month in which the individual is lawfully admitted to the United States for permanent residence;

“(2) during any part of which the individual is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the United States or the jurisdiction within the United States from which the person has fled, for a crime, or an attempt to commit a crime, that is a felony under the laws of the place from which the individual has fled, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State;

“(3) during any part of which the individual violates a condition of probation or parole imposed under Federal or State law; or

“(4) during which the individual resides in a foreign country and is not a citizen or national of the United States if payments for such month to individuals residing in such country are withheld by the Treasury Department under section 3329 of title 31, United States Code.

“(b) REQUIREMENT FOR ATTORNEY GENERAL.—For the purpose of carrying out subsection (a)(1), the Attorney General shall notify the Commissioner of Social Security as soon as practicable after the removal of any individual under section 237(a) or 212(a)(6)(A) of the Immigration and Nationality Act. Notification.

**“SEC. 805. BENEFIT AMOUNT.**

42 USC 1005.

“The benefit under this title payable to a qualified individual for any month shall be in an amount equal to 75 percent of the Federal benefit rate under title XVI for the month, reduced by the amount of the qualified individual’s benefit income for the month.

## 42 USC 1006. "SEC. 806. APPLICATIONS AND FURNISHING OF INFORMATION.

"(a) IN GENERAL.—The Commissioner of Social Security shall, subject to subsection (b), prescribe such requirements with respect to the filing of applications, the furnishing of information and other material, and the reporting of events and changes in circumstances, as may be necessary for the effective and efficient administration of this title.

"(b) VERIFICATION REQUIREMENT.—The requirements prescribed by the Commissioner of Social Security under subsection (a) shall preclude any determination of entitlement to benefits under this title solely on the basis of declarations by the individual concerning qualifications or other material facts, and shall provide for verification of material information from independent or collateral sources, and the procurement of additional information as necessary in order to ensure that the benefits are provided only to qualified individuals (or their representative payees) in correct amounts.

## 42 USC 1007. "SEC. 807. REPRESENTATIVE PAYEES.

"(a) IN GENERAL.—If the Commissioner of Social Security determines that the interest of any qualified individual under this title would be served thereby, payment of the qualified individual's benefit under this title may be made, regardless of the legal competency or incompetency of the qualified individual, either directly to the qualified individual, or for his or her benefit, to another person (the meaning of which term, for purposes of this section, includes an organization) with respect to whom the requirements of subsection (b) have been met (in this section referred to as the qualified individual's 'representative payee'). If the Commissioner of Social Security determines that a representative payee has misused any benefit paid to the representative payee pursuant to this section, section 205(j), or section 1631(a)(2), the Commissioner of Social Security shall promptly revoke the person's designation as the qualified individual's representative payee under this subsection, and shall make payment to an alternative representative payee or, if the interest of the qualified individual under this title would be served thereby, to the qualified individual.

"(b) EXAMINATION OF FITNESS OF PROSPECTIVE REPRESENTATIVE PAYEE.—

"(1) Any determination under subsection (a) to pay the benefits of a qualified individual to a representative payee shall be made on the basis of—

"(A) an investigation by the Commissioner of Social Security of the person to serve as representative payee, which shall be conducted in advance of the determination and shall, to the extent practicable, include a face-to-face interview with the person (or, in the case of an organization, a representative of the organization); and

"(B) adequate evidence that the arrangement is in the interest of the qualified individual.

"(2) As part of the investigation referred to in paragraph (1), the Commissioner of Social Security shall—

"(A) require the person being investigated to submit documented proof of the identity of the person;

"(B) in the case of a person who has a social security account number issued for purposes of the program under title II or an employer identification number issued for

purposes of the Internal Revenue Code of 1986, verify the number;

“(C) determine whether the person has been convicted of a violation of section 208, 811, or 1632; and

“(D) determine whether payment of benefits to the person in the capacity as representative payee has been revoked or terminated pursuant to this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or XVI, respectively.

“(c) REQUIREMENT FOR MAINTAINING LISTS OF UNDESIRABLE PAYEES.—The Commissioner of Social Security shall establish and maintain lists which shall be updated periodically and which shall be in a form that renders such lists available to the servicing offices of the Social Security Administration. The lists shall consist of—

“(1) the names and (if issued) social security account numbers or employer identification numbers of all persons with respect to whom, in the capacity of representative payee, the payment of benefits has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(iii) by reason of misuse of funds paid as benefits under this title, title II, or XVI, respectively; and

“(2) the names and (if issued) social security account numbers or employer identification numbers of all persons who have been convicted of a violation of section 208, 811, or 1632.

“(d) PERSONS INELIGIBLE TO SERVE AS REPRESENTATIVE PAYEES.—

“(1) IN GENERAL.—The benefits of a qualified individual may not be paid to any other person pursuant to this section if—

“(A) the person has been convicted of a violation of section 208, 811, or 1632;

“(B) except as provided in paragraph (2), payment of benefits to the person in the capacity of representative payee has been revoked or terminated under this section, section 205(j), or section 1631(a)(2)(A)(ii) by reason of misuse of funds paid as benefits under this title, title II, or title XVI, respectively; or

“(C) except as provided in paragraph (2)(B), the person is a creditor of the qualified individual and provides the qualified individual with goods or services for consideration.

“(2) EXEMPTIONS.—

“(A) The Commissioner of Social Security may prescribe circumstances under which the Commissioner of Social Security may grant an exemption from paragraph (1) to any person on a case-by-case basis if the exemption is in the best interest of the qualified individual whose benefits would be paid to the person pursuant to this section.

“(B) Paragraph (1)(C) shall not apply with respect to any person who is a creditor referred to in such paragraph if the creditor is—

“(i) a relative of the qualified individual and the relative resides in the same household as the qualified individual;

“(ii) a legal guardian or legal representative of the individual;

“(iii) a facility that is licensed or certified as a care facility under the law of the political jurisdiction in which the qualified individual resides;

“(iv) a person who is an administrator, owner, or employee of a facility referred to in clause (iii), if the qualified individual resides in the facility, and the payment to the facility or the person is made only after the Commissioner of Social Security has made a good faith effort to locate an alternative representative payee to whom payment would serve the best interests of the qualified individual; or

“(v) a person who is determined by the Commissioner of Social Security, on the basis of written findings and pursuant to procedures prescribed by the Commissioner of Social Security, to be acceptable to serve as a representative payee.

“(C) The procedures referred to in subparagraph (B)(v) shall require the person who will serve as representative payee to establish, to the satisfaction of the Commissioner of Social Security, that—

“(i) the person poses no risk to the qualified individual;

“(ii) the financial relationship of the person to the qualified individual poses no substantial conflict of interest; and

“(iii) no other more suitable representative payee can be found.

“(e) DEFERRAL OF PAYMENT PENDING APPOINTMENT OF REPRESENTATIVE PAYEE.—

“(1) IN GENERAL.—Subject to paragraph (2), if the Commissioner of Social Security makes a determination described in the first sentence of subsection (a) with respect to any qualified individual’s benefit and determines that direct payment of the benefit to the qualified individual would cause substantial harm to the qualified individual, the Commissioner of Social Security may defer (in the case of initial entitlement) or suspend (in the case of existing entitlement) direct payment of the benefit to the qualified individual, until such time as the selection of a representative payee is made pursuant to this section.

“(2) TIME LIMITATION.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), any deferral or suspension of direct payment of a benefit pursuant to paragraph (1) shall be for a period of not more than 1 month.

“(B) EXCEPTION IN THE CASE OF INCOMPETENCY.—Subparagraph (A) shall not apply in any case in which the qualified individual is, as of the date of the Commissioner of Social Security’s determination, legally incompetent under the laws of the jurisdiction in which the individual resides.

“(3) PAYMENT OF RETROACTIVE BENEFITS.—Payment of any benefits which are deferred or suspended pending the selection of a representative payee shall be made to the qualified individual or the representative payee as a single sum or over such period of time as the Commissioner of Social Security determines is in the best interest of the qualified individual.

“(f) HEARING.—Any qualified individual who is dissatisfied with a determination by the Commissioner of Social Security to make payment of the qualified individual’s benefit to a representative payee under subsection (a) of this section or with the designation of a particular person to serve as representative payee shall be entitled to a hearing by the Commissioner of Social Security to the same extent as is provided in section 809(a), and to judicial review of the Commissioner of Social Security’s final decision as is provided in section 809(b).

“(g) NOTICE REQUIREMENTS.—

“(1) IN GENERAL.—In advance, to the extent practicable, of the payment of a qualified individual’s benefit to a representative payee under subsection (a), the Commissioner of Social Security shall provide written notice of the Commissioner’s initial determination to so make the payment. The notice shall be provided to the qualified individual, except that, if the qualified individual is legally incompetent, then the notice shall be provided solely to the legal guardian or legal representative of the qualified individual.

“(2) SPECIFIC REQUIREMENTS.—Any notice required by paragraph (1) shall be clearly written in language that is easily understandable to the reader, shall identify the person to be designated as the qualified individual’s representative payee, and shall explain to the reader the right under subsection (f) of the qualified individual or of the qualified individual’s legal guardian or legal representative—

“(A) to appeal a determination that a representative payee is necessary for the qualified individual;

“(B) to appeal the designation of a particular person to serve as the representative payee of the qualified individual; and

“(C) to review the evidence upon which the designation is based and to submit additional evidence.

“(h) ACCOUNTABILITY MONITORING.—

“(1) IN GENERAL.—In any case where payment under this title is made to a person other than the qualified individual entitled to the payment, the Commissioner of Social Security shall establish a system of accountability monitoring under which the person shall report not less often than annually with respect to the use of the payments. The Commissioner of Social Security shall establish and implement statistically valid procedures for reviewing the reports in order to identify instances in which persons are not properly using the payments.

Reports.

“(2) SPECIAL REPORTS.—Notwithstanding paragraph (1), the Commissioner of Social Security may require a report at any time from any person receiving payments on behalf of a qualified individual, if the Commissioner of Social Security has reason to believe that the person receiving the payments is misusing the payments.

“(3) MAINTAINING LISTS OF PAYEES.—The Commissioner of Social Security shall maintain lists which shall be updated periodically of—

“(A) the name, address, and (if issued) the social security account number or employer identification number of each representative payee who is receiving benefit payments pursuant to this section, section 205(j), or section 1631(a)(2); and

“(B) the name, address, and social security account number of each individual for whom each representative payee is reported to be providing services as representative payee pursuant to this section, section 205(j), or section 1631(a)(2).

“(4) MAINTAINING LISTS OF AGENCIES.—The Commissioner of Social Security shall maintain lists, which shall be updated periodically, of public agencies and community-based nonprofit social service agencies which are qualified to serve as representative payees pursuant to this section and which are located in the jurisdiction in which any qualified individual resides.

“(i) RESTITUTION.—In any case where the negligent failure of the Commissioner of Social Security to investigate or monitor a representative payee results in misuse of benefits by the representative payee, the Commissioner of Social Security shall make payment to the qualified individual or the individual’s alternative representative payee of an amount equal to the misused benefits. The Commissioner of Social Security shall make a good faith effort to obtain restitution from the terminated representative payee.

42 USC 1008.

“SEC. 808. OVERPAYMENTS AND UNDERPAYMENTS.

“(a) IN GENERAL.—Whenever the Commissioner of Social Security finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, as follows:

“(1) With respect to payment to a person of more than the correct amount, the Commissioner of Social Security shall decrease any payment—

“(A) under this title to which the overpaid person (if a qualified individual) is entitled, or shall require the overpaid person or his or her estate to refund the amount in excess of the correct amount, or, if recovery is not obtained under these two methods, shall seek or pursue recovery by means of reduction in tax refunds based on notice to the Secretary of the Treasury, as authorized under section 3720A of title 31, United States Code; or

“(B) under title II to recover the amount in excess of the correct amount, if the person is not currently eligible for payment under this title.

“(2) With respect to payment of less than the correct amount to a qualified individual who, at the time the Commissioner of Social Security is prepared to take action with respect to the underpayment—

“(A) is living, the Commissioner of Social Security shall make payment to the qualified individual (or the qualified individual’s representative payee designated under section 807) of the balance of the amount due the underpaid qualified individual; or

“(B) is deceased, the balance of the amount due shall revert to the general fund of the Treasury.

“(b) NO EFFECT ON TITLE VIII ELIGIBILITY OR BENEFIT AMOUNT.—In any case in which the Commissioner of Social Security takes action in accordance with subsection (a)(1)(B) to recover an amount incorrectly paid to an individual, that individual shall not, as a result of such action—

“(1) become qualified for benefits under this title; or

“(2) if such individual is otherwise so qualified, become qualified for increased benefits under this title.

“(c) **WAIVER OF RECOVERY OF OVERPAYMENT.**—In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if the Commissioner of Social Security determines that the adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

“(d) **LIMITED IMMUNITY FOR DISBURSING OFFICERS.**—A disbursing officer may not be held liable for any amount paid by the officer if the adjustment or recovery of the amount is waived under subsection (b), or adjustment under subsection (a) is not completed before the death of the qualified individual against whose benefits deductions are authorized.

“(e) **AUTHORIZED COLLECTION PRACTICES.**—

“(1) **IN GENERAL.**—With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(e), 3716, and 3718 of title 31, United States Code, as in effect on October 1, 1994.

“(2) **DEFINITION.**—For purposes of paragraph (1), the term ‘delinquent amount’ means an amount—

“(A) in excess of the correct amount of the payment under this title; and

“(B) determined by the Commissioner of Social Security to be otherwise unrecoverable under this section from a person who is not a qualified individual under this title.

“**SEC. 809. HEARINGS AND REVIEW.**

42 USC 1009.

“(a) **HEARINGS.**—

“(1) **IN GENERAL.**—The Commissioner of Social Security shall make findings of fact and decisions as to the rights of any individual applying for payment under this title. The Commissioner of Social Security shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a qualified individual and is in disagreement with any determination under this title with respect to entitlement to, or the amount of, benefits under this title, if the individual requests a hearing on the matter in disagreement within 60 days after notice of the determination is received, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing affirm, modify, or reverse the Commissioner of Social Security’s findings of fact and the decision. The Commissioner of Social Security may, on the Commissioner of Social Security’s own motion, hold such hearings and conduct such investigations and other proceedings as the Commissioner of Social Security deems necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceeding, the Commissioner may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Commissioner of Social Security even though inadmissible under the rules of evidence applicable to court procedure. The Commissioner of Social Security shall specifically take into account any physical, mental, educational, or linguistic limitation of the individual (including any lack of facility with the English language) in determining, with respect to the entitlement of the individual

Notice.

for benefits under this title, whether the individual acted in good faith or was at fault, and in determining fraud, deception, or intent.

“(2) EFFECT OF FAILURE TO TIMELY REQUEST REVIEW.—A failure to timely request review of an initial adverse determination with respect to an application for any payment under this title or an adverse determination on reconsideration of such an initial determination shall not serve as a basis for denial of a subsequent application for any payment under this title if the applicant demonstrates that the applicant failed to so request such a review acting in good faith reliance upon incorrect, incomplete, or misleading information, relating to the consequences of reapplying for payments in lieu of seeking review of an adverse determination, provided by any officer or employee of the Social Security Administration.

“(3) NOTICE REQUIREMENTS.—In any notice of an adverse determination with respect to which a review may be requested under paragraph (1), the Commissioner of Social Security shall describe in clear and specific language the effect on possible entitlement to benefits under this title of choosing to reapply in lieu of requesting review of the determination.

“(b) JUDICIAL REVIEW.—The final determination of the Commissioner of Social Security after a hearing under subsection (a)(1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Commissioner of Social Security’s final determinations under section 205.

42 USC 1010.

**“SEC. 810. OTHER ADMINISTRATIVE PROVISIONS.**

“(a) REGULATIONS AND ADMINISTRATIVE ARRANGEMENTS.—The Commissioner of Social Security may prescribe such regulations, and make such administrative and other arrangements, as may be necessary or appropriate to carry out this title.

“(b) PAYMENT OF BENEFITS.—Benefits under this title shall be paid at such time or times and in such installments as the Commissioner of Social Security determines are in the interests of economy and efficiency.

“(c) ENTITLEMENT REDETERMINATIONS.—An individual’s entitlement to benefits under this title, and the amount of the benefits, may be redetermined at such time or times as the Commissioner of Social Security determines to be appropriate.

“(d) SUSPENSION AND TERMINATION OF BENEFITS.—Regulations prescribed by the Commissioner of Social Security under subsection (a) may provide for the suspension and termination of entitlement to benefits under this title as the Commissioner determines is appropriate.

42 USC 1011.

**“SEC. 811. PENALTIES FOR FRAUD.**

“(a) IN GENERAL.—Whoever—

“(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in an application for benefits under this title;

“(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining any right to the benefits;

“(3) having knowledge of the occurrence of any event affecting—

“(A) his or her initial or continued right to the benefits;

or

“(B) the initial or continued right to the benefits of any other individual in whose behalf he or she has applied for or is receiving the benefit, conceals or fails to disclose the event with an intent fraudulently to secure the benefit either in a greater amount or quantity than is due or when no such benefit is authorized; or

“(4) having made application to receive any such benefit for the use and benefit of another and having received it, knowingly and willfully converts the benefit or any part thereof to a use other than for the use and benefit of the other individual,

shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

“(b) RESTITUTION BY REPRESENTATIVE PAYEE.—If a person or organization violates subsection (a) in the person’s or organization’s role as, or in applying to become, a representative payee under section 807 on behalf of a qualified individual, and the violation includes a willful misuse of funds by the person or entity, the court may also require that full or partial restitution of funds be made to the qualified individual.

“SEC. 812. DEFINITIONS.

42 USC 1012.

“In this title:

“(1) WORLD WAR II VETERAN.—The term ‘World War II veteran’ means a person who—

“(A) served during World War II—

“(i) in the active military, naval, or air service of the United States during World War II; or

“(ii) in the organized military forces of the Government of the Commonwealth of the Philippines, while the forces were in the service of the Armed Forces of the United States pursuant to the military order of the President dated July 26, 1941, including among the military forces organized guerrilla forces under commanders appointed, designated, or subsequently recognized by the Commander in Chief, Southwest Pacific Area, or other competent authority in the Army of the United States, in any case in which the service was rendered before December 31, 1946; and

“(B) was discharged or released therefrom under conditions other than dishonorable—

“(i) after service of 90 days or more; or

“(ii) because of a disability or injury incurred or aggravated in the line of active duty.

“(2) WORLD WAR II.—The term ‘World War II’ means the period beginning on September 16, 1940, and ending on July 24, 1947.

“(3) SUPPLEMENTAL SECURITY INCOME BENEFIT UNDER TITLE XVI.—The term ‘supplemental security income benefit under title XVI’, except as otherwise provided, includes State supplementary payments which are paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66.

“(4) FEDERAL BENEFIT RATE UNDER TITLE XVI.—The term ‘Federal benefit rate under title XVI’ means, with respect to any month, the amount of the supplemental security income

cash benefit (not including any State supplementary payment which is paid by the Commissioner of Social Security pursuant to an agreement under section 1616(a) of this Act or section 212(b) of Public Law 93-66) payable under title XVI for the month to an eligible individual with no income.

“(5) UNITED STATES.—The term ‘United States’ means, notwithstanding section 1101(a)(1), only the 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands.

“(6) BENEFIT INCOME.—The term ‘benefit income’ means any recurring payment received by a qualified individual as an annuity, pension, retirement, or disability benefit (including any veterans’ compensation or pension, workmen’s compensation payment, old-age, survivors, or disability insurance benefit, railroad retirement annuity or pension, and unemployment insurance benefit), but only if a similar payment was received by the individual from the same (or a related) source during the 12-month period preceding the month in which the individual files an application for benefits under this title.

42 USC 1013.

## “SEC. 813. APPROPRIATIONS.

“There are hereby appropriated for fiscal year 2000 and subsequent fiscal years, out of any funds in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this title.”.

## (b) CONFORMING AMENDMENTS.—

(1) SOCIAL SECURITY TRUST FUNDS LAE ACCOUNT.—Section 201(g) of such Act (42 U.S.C. 401(g)) is amended—

(A) in the fourth sentence of paragraph (1)(A), by inserting after “this title,” the following: “title VIII,”;

(B) in paragraph (1)(B)(i)(I), by inserting after “this title,” the following: “title VIII,”; and

(C) in paragraph (1)(C)(i), by inserting after “this title,” the following: “title VIII.”.

(2) REPRESENTATIVE PAYEE PROVISIONS OF TITLE II.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (1)(A), by inserting “807 or” before “1631(a)(2)”;

(B) in paragraph (2)(B)(i)(I), by inserting “, title VIII,” before “or title XVI”;

(C) in paragraph (2)(B)(i)(III), by inserting “, 811,” before “or 1632”;

(D) in paragraph (2)(B)(i)(IV)—

(i) by inserting “, the designation of such person as a representative payee has been revoked pursuant to section 807(a),” before “or payment of benefits”; and

(ii) by inserting “, title VIII,” before “or title XVI”;

(E) in paragraph (2)(B)(ii)(I)—

(i) by inserting “whose designation as a representative payee has been revoked pursuant to section 807(a),” before “or with respect to whom”; and

(ii) by inserting “, title VIII,” before “or title XVI”;

(F) in paragraph (2)(B)(ii)(II), by inserting “, 811,” before “or 1632”;

(G) in paragraph (2)(C)(i)(II), by inserting “, the designation of such person as a representative payee has been

revoked pursuant to section 807(a),” before “or payment of benefits”;

(H) in each of clauses (i) and (ii) of paragraph (3)(E), by inserting “, section 807,” before “or section 1631(a)(2)”;

(I) in paragraph (3)(F), by inserting “807 or” before “1631(a)(2)”;

(J) in paragraph (4)(B)(i), by inserting “807 or” before “1631(a)(2)”.

(3) WITHHOLDING FOR CHILD SUPPORT AND ALIMONY OBLIGATIONS.—Section 459(h)(1)(A) of such Act (42 U.S.C. 659(h)(1)(A)) is amended—

(A) at the end of clause (iii), by striking “and”;

(B) at the end of clause (iv), by striking “but” and inserting “and”;

(C) by adding at the end a new clause as follows:  
“(v) special benefits for certain World War II veterans payable under title VIII; but”.

(4) SOCIAL SECURITY ADVISORY BOARD.—Section 703(b) of such Act (42 U.S.C. 903(b)) is amended by striking “title II” and inserting “title II, the program of special benefits for certain World War II veterans under title VIII,”.

(5) DELIVERY OF CHECKS.—Section 708 of such Act (42 U.S.C. 908) is amended—

(A) in subsection (a), by striking “title II” and inserting “title II, title VIII,”; and

(B) in subsection (b), by striking “title II” and inserting “title II, title VIII,”.

(6) CIVIL MONETARY PENALTIES.—Section 1129 of such Act (42 U.S.C. 1320a-8) is amended—

(A) in the title, by striking “II” and inserting “II, VIII”;

(B) in subsection (a)(1)—

(i) by striking “or” at the end of subparagraph (A);

(ii) by redesignating subparagraph (B) as subparagraph (C); and

(iii) by inserting after subparagraph (A) the following new subparagraph:

“(B) benefits or payments under title VIII, or”;

(C) in subsection (a)(2), by inserting “or title VIII,” after “title II”;

(D) in subsection (e)(1)(C)—

(i) by striking “or” at the end of clause (i);

(ii) by redesignating clause (ii) as clause (iii); and

(iii) by inserting after clause (i) the following new clause:

“(ii) by decrease of any payment under title VIII to which the person is entitled, or”;

(E) in subsection (e)(2)(B), by striking “title XVI” and inserting “title VIII or XVI”;

(F) in subsection (l), by striking “title XVI” and inserting “title VIII or XVI”.

(7) RECOVERY OF SSI OVERPAYMENTS.—Section 1147 of such Act (42 U.S.C. 1320b-17) is amended—

(A) in subsection (a)(1)—

(i) by inserting “or VIII” after “title II” the first place it appears; and

42 USC 909.

(ii) by striking “title II” the second place it appears and inserting “such title”; and  
 (B) in the heading, by striking “SOCIAL SECURITY” and inserting “OTHER”.

(8) RECOVERY OF SOCIAL SECURITY OVERPAYMENTS.—Part A of title XI of the Social Security Act is amended by inserting after section 1147 (42 U.S.C. 1320b-17) the following new section:

“RECOVERY OF SOCIAL SECURITY BENEFIT OVERPAYMENTS FROM  
 TITLE VIII BENEFITS

42 USC 1320b-18.

“SEC. 1147A. Whenever the Commissioner of Social Security determines that more than the correct amount of any payment has been made under title II to an individual who is not currently receiving benefits under that title but who is receiving benefits under title VIII, the Commissioner may recover the amount incorrectly paid under title II by decreasing any amount which is payable to the individual under title VIII.”

(9) REPRESENTATIVE PAYEE PROVISIONS OF TITLE XVI.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (A)(iii), by inserting “or 807” after “205(j)(1)”;

(B) in subparagraph (B)(ii)(I), by inserting “, title VIII,” before “or this title”;

(C) in subparagraph (B)(ii)(III), by inserting “, 811,” before “or 1632”;

(D) in subparagraph (B)(ii)(IV)—

(i) by inserting “whether the designation of such person as a representative payee has been revoked pursuant to section 807(a),” before “and whether certification”; and

(ii) by inserting “, title VIII,” before “or this title”;

(E) in subparagraph (B)(iii)(II), by inserting “the designation of such person as a representative payee has been revoked pursuant to section 807(a),” before “or certification”; and

(F) in subparagraph (D)(ii)(II)(aa), by inserting “or 807” after “205(j)(4)”.

(10) ADMINISTRATIVE OFFSET.—Section 3716(c)(3)(C) of title 31, United States Code, is amended—

(A) by striking “sections 205(b)(1)” and inserting “sections 205(b)(1), 809(a)(1),”; and

(B) by striking “either title II” and inserting “title II, VIII,”.

## Subtitle C—Study

42 USC 1382  
 note.

### SEC. 261. STUDY OF DENIAL OF SSI BENEFITS FOR FAMILY FARMERS.

(a) IN GENERAL.—The Commissioner of Social Security shall conduct a study of the reasons why family farmers with resources of less than \$100,000 are denied supplemental security income benefits under title XVI of the Social Security Act, including whether the deeming process unduly burdens and discriminates against family farmers who do not institutionalize a disabled dependent, and shall determine the number of such farmers who

have been denied such benefits during each of the preceding 10 years.

(b) **REPORT TO THE CONGRESS.**—Within 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report that contains the results of the study, and the determination, required by subsection (a). Deadline.

## TITLE III—CHILD SUPPORT

### SEC. 301. NARROWING OF HOLD-HARMLESS PROVISION FOR STATE SHARE OF DISTRIBUTION OF COLLECTED CHILD SUPPORT.

(a) **IN GENERAL.**—Section 457(d) of the Social Security Act (42 U.S.C. 657(d)) is amended to read as follows:

“(d) **HOLD-HARMLESS PROVISION.**—If—

“(1) the State share of amounts collected in the fiscal year which could be retained to reimburse the State for amounts paid to families as assistance by the State is less than the State share of such amounts collected in fiscal year 1995 (determined in accordance with section 457 as in effect on August 21, 1996); and

“(2)(A) the State has distributed to families that include an adult receiving assistance under the program under part A at least 80 percent of the current support payments collected during the preceding fiscal year on behalf of such families, and the amounts distributed were disregarded in determining the amount or type of assistance provided under the program under part A; or

“(B) the State has distributed to families that formerly received assistance under the program under part A the State share of the amounts collected pursuant to section 464 that could have been retained as reimbursement for assistance paid to such families,

then the State share otherwise determined for the fiscal year shall be increased by an amount equal to one-half of the amount (if any) by which the State share for fiscal year 1995 exceeds the State share for the fiscal year (determined without regard to this subsection).”

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall be effective with respect to calendar quarters occurring during the period that begins on October 1, 1998, and ends on September 30, 2001. 42 USC 657 note.

(c) **REPEAL.**—Effective October 1, 2001, section 457 of the Social Security Act (42 U.S.C. 657) is amended—

(1) in subsection (a), by striking “subsections (e) and (f)” and inserting “subsections (d) and (e)”;

(2) by striking subsection (d);

(3) in subsection (e), by striking the second sentence; and

(4) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

## TITLE IV—TECHNICAL CORRECTIONS

### SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMENDMENTS MADE BY THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.

(a) Section 402(a)(1)(B)(iv) of the Social Security Act (42 U.S.C. 602(a)(1)(B)(iv)) is amended by striking “Act” and inserting “section”.

(b) Section 409(a)(7)(B)(i)(II) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(II)) is amended by striking “part” and inserting “section”.

(c) Section 413(g)(1) of the Social Security Act (42 U.S.C. 613(g)(1)) is amended by striking “Act” and inserting “section”.

(d) Section 416 of the Social Security Act (42 U.S.C. 616) is amended by striking “Opportunity Act” and inserting “Opportunity Reconciliation Act” each place such term appears.

(e) Section 431(a)(6) of the Social Security Act (42 U.S.C. 629a(a)(6)) is amended—

(1) by inserting “, as in effect before August 22, 1986” after “482(i)(5)”; and

(2) by inserting “, as so in effect” after “482(i)(7)(A)”.

(f) Sections 452(a)(7) and 466(c)(2)(A)(i) of the Social Security Act (42 U.S.C. 652(a)(7) and 666(c)(2)(A)(i)) are each amended by striking “Social Security” and inserting “social security”.

(g) Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(1) by striking “, or” at the end of each of paragraphs (6)(E)(i) and (19)(B)(i) and inserting “; or”;

(2) in paragraph (9), by striking the comma at the end of each of subparagraphs (A), (B), and (C) and inserting a semicolon; and

(3) by striking “, and” at the end of each of paragraphs (19)(A) and (24)(A) and inserting “; and”.

(h) Section 454(24)(B) of the Social Security Act (42 U.S.C. 654(24)(B)) is amended by striking “Opportunity Act” and inserting “Opportunity Reconciliation Act”.

(i) Section 344(b)(1)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2236) is amended to read as follows:

42 USC 655.

“(A) in paragraph (1), by striking subparagraph (B) and inserting the following:

“(B) equal to the percent specified in paragraph (3) of the sums expended during such quarter that are attributable to the planning, design, development, installation or enhancement of an automatic data processing and information retrieval system (including in such sums the full cost of the hardware components of such system); and”

(j) Section 457(a)(2)(B)(i)(I) of the Social Security Act (42 U.S.C. 657(a)(2)(B)(i)(I)) is amended by striking “Act Reconciliation” and inserting “Reconciliation Act”.

(k) Section 457 of the Social Security Act (42 U.S.C. 657) is amended by striking “Opportunity Act” each place it appears and inserting “Opportunity Reconciliation Act”.

Effective date.

(l) Effective on the date of the enactment of this Act, section 404(e) of the Social Security Act (42 U.S.C. 604(e)) is amended

by inserting “or tribe” after “State” the first and second places it appears, and by inserting “or tribal” after “State” the third place it appears.

(m) Section 466(a)(7)(A) of the Social Security Act (42 U.S.C. 666(a)(7)(A)) is amended by striking “1681a(f)” and inserting “1681a(f))”.

(n) Section 466(b)(6)(A) of the Social Security Act (42 U.S.C. 666(b)(6)(A)) is amended by striking “state” and inserting “State”.

(o) Section 471(a)(8) of the Social Security Act (42 U.S.C. 671(a)(8)) is amended by striking “(including activities under part F)”.

(p) Section 1137(a)(3) of the Social Security Act (42 U.S.C. 1320b-7(a)(3)) is amended by striking “453A(a)(2)(B)(iii)” and inserting “453A(a)(2)(B)(ii))”.

(q) Except as provided in subsection (l), the amendments made by this section shall take effect as if included in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2105). 42 USC 602 note.

Approved December 14, 1999.

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**LEGISLATIVE HISTORY—H.R. 3443:**

CONGRESSIONAL RECORD, Vol. 145 (1999):

Nov. 18, considered and passed House.

Nov. 19, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 35 (1999):

Nov. 14, Presidential remarks.





THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 14, 1999

PRESIDENT CLINTON SIGNS LANDMARK LAW  
TO HELP FOSTER CARE YOUTH PREPARE FOR INDEPENDENT LIVING

December 14, 1999

President Clinton today will sign into law the Foster Care Independence Act of 1999. This legislation, based on an initiative proposed by the President and the First Lady, will help ensure that young people who leave foster care get the tools they need to make the most of their lives. It empowers those leaving foster care by providing them better educational opportunities, access to health care, training, housing assistance, counseling and other services. The new law is only the latest instance of the Administration's longstanding commitment to children and families.

FOSTER CARE YOUTH FACE CHALLENGES AS THEY ENTER ADULTHOOD. Nearly 20,000 young people leave foster care each year when they reach age 18 without an adoptive family or other guardian. Without the emotional, social and financial support that families provide, many of these youth find themselves inadequately prepared for life on their own. Studies show that within two to four years of leaving foster care, only half have completed high school, fewer than half are employed, one-fourth have been homeless for at least one night, 30 percent do not have access to needed health care, 60 percent of the women have given birth, and less than one in five are completely self-supporting.

NEW LEGISLATION PROVIDES NEW HOPE FOR THESE YOUTH. Under previous laws, federal financial support for these young people ended just as they were making the transition to independence. The Act the President will sign today authorizes \$700 million over five years to help these young people cross this critical bridge:

Doubling the Federal Independent Living Program. The Independent Living program, run through the states, helps older foster care children earn a high school diploma, participate in vocational training or education, and learn daily living skills such as budgeting, career planning and securing housing and employment. Today's new law doubles the program's funding to \$140 million per year, and invests \$350 million more over five years in these services. Under the new law, states are now required to serve youth up to 21 years old, enabling more young people to obtain a college education. It also enables states to provide time-limited financial assistance to help these youth with living expenses as they develop the skills and education needed to move successfully into the workforce. The Act the President will sign today also renames the program in honor of John Chafee, the late Senator who so effectively championed the needs of children.

Providing Health Insurance. Today, when young people emancipate from foster care, they face numerous health risks, but too often lose their

health insurance. The new law grants states the option for these young people to remain eligible for Medicaid up to age 21. Today, HHS will issue guidance to all State Medicaid Directors encouraging them to take up this option.

**Honoring America's Heroes.** In an unrelated provision, the Act provides a special monthly cash benefit to Filipino veterans who served under the U.S. Armed Forces during World War II if they were eligible for Supplemental Security Income (SSI) and later choose to move outside the United States. Previously, Filipino veterans who were eligible to receive SSI benefits would lose them if they were to return to the Philippines.

**A RECORD OF ACCOMPLISHMENT FOR FOSTER CARE AND ADOPTION.** With today's new law, the Administration adds to an unprecedented record of promoting the well-being of children and providing them permanent, loving homes. In 1998 there were a record 36,000 adoptions from foster care, the first significant increase in the history of the program. From 1996 to 1998, the number of adoptions nationwide rose 29 percent -- from 28,000 to 36,000 -- and is on a pace to meet the President's goal of 56,000 adoptions in 2002. Among the President's other steps to improve child welfare and encourage adoption:

**Increasing the Transitional Living Program.** Last month the President secured in the budget agreement a 40 percent increase in the Transitional Living program, which provides funds to local community-based organizations for residential care, life skills training, and other support services to homeless adolescents. The program will now be funded at \$20.7 million.

**Enacting the Adoption and Safe Families Act of 1997.** Based on the Administration's Adoption 2002 report, this landmark law made the health and safety of children a clear priority, provided the first-ever financial incentives for states to increase adoptions, tightened the time frames for making permanent placements of children, and removed other barriers to adoption.

**Making Adoption Affordable.** In 1996, President Clinton enacted a \$5,000 tax credit for families adopting children, and a \$6,000 tax credit for families adopting children with special needs. In the Balanced Budget Act of 1997, the President provided more support for families who adopt with a \$500 per-child tax credit. And under the Family and Medical Leave Act, parents can take time with a newly adopted child without losing their jobs or health insurance.

**Breaking Down Racial and Ethnic Barriers to Adoption.** New inter-ethnic adoption provisions signed into law by the President ensure that the adoption process is free from discrimination and delays on the basis of race, culture and ethnicity.

**Giving States Flexibility and Support.** The Clinton Administration has given 25 states waivers to test innovative strategies for improving state child welfare systems. The Administration has provided states technical support to improve court operations and grants to support local adoption projects, and has also secured federal funding for the Promoting Safe and Stable Families program to serve at-risk children and families.

Using the Internet to Promote Adoption. In November 1998, the President issued a directive to the Department of Health and Human Services to expand the use of the Internet as a tool to find homes for children waiting to be adopted from foster care. HHS will develop a national Internet site by the year 2002.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 14, 1999

REMARKS BY THE PRESIDENT  
AND THE FIRST LADY  
AT FOSTER CARE EVENT

Presidential Hall

5:45 P.M. EST

MRS. CLINTON: Welcome to the White House, and please be seated. This is a truly wonderful day. In a few minutes the President will sign into law landmark legislation that will strengthen our foster care system, and give hope and help to thousands of young people struggling to make a safe transition to adulthood and independence.

None of this would have been possible without so many of you in this room. I want to thank Secretary Donna Shalala and her team at HHS, including Mary Burdette and Pat Montoya; and former commissioner, Carol Williams. I want to thank many members of Congress, and particularly those who are here with us today -- Senator Rockefeller and Senator Collins, Senator Chafee, and Representative Cardin.

I want to thank Mayor Williams and his mother, Virginia, who welcomed him into her family when he was 3 years old and authorities were about to declare him unadoptable. They are among the best advertisements for the rewards and possibilities of adoption in America.

I want to thank the Child Welfare League of America, the Children's Defense Fund, and all of the tireless child advocates who work to raise awareness about this issue. The Casey Family Program and the Annie E. Casey Foundation have give great support to young people in transition.

And I'd also like very much to thank someone who I'm sure is with us in spirit, the late Senator John Chafee. (Applause.) On the Friday before he died, I called Senator Chafee to wish him a happy birthday. I also managed to do a little lobbying for the Foster Care Independence Act, which had hit a few roadblocks in the Senate. By the end of our conversation, I think we were both feeling reenergized and inspired to work even harder for the young people who were counting on this bill.

I understand that one of his last instructions to his staff was to set up meetings with senators he felt could be swayed to support the bill. We all know that had he lived, John Chafee would not have rested until he had won all of the votes he needed. So we are very grateful today to be joined by his colleagues and, particularly, his son, Senator Lincoln Chafee.

Since the President took office we have seen a transformation

in America's efforts to strengthen our foster care and adoption systems. With the Family and Medical Leave Act, we've helped adoptive parents, and all new parents, take time off to care for their children without fear of losing their jobs or their health insurance. We've put an end to racial discrimination in adoption, prohibiting agencies from denying qualified parents of one race to adopt a child of another.

In 1997, we passed the Adoption and Safe Families Act, which cut dramatically the amount of time a child can spend in foster care, and set an ambitious goal of doubling the number of annual adoptions by the year 2002. And, as the President was able to announce just a few months ago, in September, we are well on our way to meeting that goal.

But it wasn't long after we passed the Adoption and Safe Families Act that we recognized we needed now to turn our efforts to a new challenge: helping those young people, who never did have the opportunity either to return home or be placed in a permanent family, fulfill their promise in adulthood.

Now, for many Americans, the 18th birthday is an important one. Turning 18 means you can vote. It means you can often go away to get a job or to school. But it should never mean that you're left on your own. For too many young people, turning 18 has been just the beginning of a lonely and sometimes harrowing journey toward adulthood. Just half of all young people who have aged out of foster care complete high school. Fewer than one in three have health care coverage. One in four have been homeless.

Two years ago, I went to California to meet a group of young people who had aged out of foster care. They told me about being forced out of their foster homes on their birthdays; about staying in a cold dorm room alone during the holidays because they had nowhere to go; about getting sick and having no insurance to get any medical care; about having literally no one to call for any kind of help.

They reminded me of the many small things we all take for granted in our own families. One young woman said to me, you know, it's almost Thanksgiving, and I have no one to call and ask how to bake a turkey.

I've been very moved and humbled by the resilience and determination I've seen in the young people I've met. Some of them are standing behind me. One is Joy Warren, who spent all of her teen years in foster care. Yet, she still found the commitment and strength not only to continue her education in college, but to attend the law school and become a powerful voice for foster children around America.

I think of Terry Harak, whom I had the honor of meeting at the White House last January. On her 18th birthday, in the middle of her senior year, she found herself without foster care, without a job and without a place to call home, because the rule has been you're out of foster care if you turn 18 or you finish high school, whichever happens first.

But Terry didn't give up. She spent the night at teachers' and friends' houses and metro terminals, even in hospital emergency rooms. And every morning she would wake up and get herself to school.

And last June she graduated and today she is working and is a student in college.

But for every Terry or every Joy or any of the other success stories behind me, think of all those young people who don't finish high school and who risk slipping through the cracks of our society. That is why, last winter, I was very pleased to unveil a new proposal in the President's budget that would extend the foster care safety net to the young people who have aged out of the foster care system, but still need our help. And today I'm very pleased that that bill is about to become law.

The Foster Care Independence Act recognizes one fundamental principle: All of us must take responsibility for helping these young people build lives worthy of their spirit and potential. From this day forward we say to all Americans, no young person, especially those who have not known the support of a safe, loving, permanent family, should have to make the passage to adulthood alone.

This has been a truly bipartisan achievement. And I want to thank everyone in Congress who helped, the former foster children who stepped forward to make their stories known, the newspapers and television stations that publicized their plight, the researchers who backed up their heartbreaking stories with hard statistics, and the advocates and private citizens who lobbied the Congress. In this season of giving, I can think of no better gift to give our children and our future.

Now I'm very proud to introduce two people who can tell us why this law is so important. Alfred Perez is one of the eloquent young people I met two years ago in California. He will speak first. He will be followed by Kristi Jo Frazier, of Cincinnati, Ohio. Both of them will tell us more about their challenges, and even more importantly, about their capacity to persist, their resilience, and their triumphs.

Please welcome Alfred Perez. (Applause.)

\* \* \* \*

THE PRESIDENT: Thank you. Thank you, please be seated. At this moment, about all I can think of is, Merry Christmas. (Laughter.)

Senator Rockefeller, Senator Collins, Representative Cardin, thank you all for being here. And, Senator Chafee, thank you for being here, and with you, the spirit of your father, for all his great work on this.

I want to say a special word of thanks to our Mayor, Tony Williams, and his mom, Mrs. Virginia Williams. He has become America's Exhibit A of the potential for foster care success. He is a good man and she is a magnificent woman, and we thank them for being here. Thank you. (Applause.)

I thank Secretary Shalala and all of her staff. And I thank Alfred Perez and Kristi Jo Frazier, and the other young people behind me, for whom they spoke. They spoke so well and so bravely and so frankly. What they have achieved in their own lives is truly heroic,

and we should all be very grateful that they are determined to make that kind of difference in the lives of other young people.

I want to thank the groups that have done so much to champion the cause of foster children -- the Child Welfare League of America, the Children's Defense Fund, the Annie Casey Foundation, the Casey Family Program. I want to thank especially -- I won't mention them, but they know who they are -- the people who have come up to me personally and lobbied me on this issue over the last couple of years. (Laughter.)

I've got a cousin that's been a friend of mine over 50 years, all my life; we were little kids together. She runs a public housing program in the little town in Arkansas where we were born. And she came up here to a HUD conference on kids aging out of foster care. And she spent the night with me at the White House. I got up the next morning -- I never know, you know, what's on her mind -- this is about a year ago. And she said, Bill, you have got to do something about these kids that are aging out of foster care. She said, it's a huge problem in New York and California, but believe it or not, it's a problem at home, too. And nobody's doing anything about it. I want to thank all those people, and they know who they are.

And most of all, I want to thank Hillary. (Applause.) When we were in law school, she worked at the Yale Child Studies Center. Her first job was with what became the Children's Defense Fund. When I became governor, in my first term she founded the Arkansas Advocates for Families and Children. She has always cared more about the welfare of all of our children than anything else, and our mutual responsibilities to them. And she challenged us a long time ago not to forget those foster children who leave the system each year with no financial or emotional support, no one to turn to. She put a lot of herself into getting this bill passed.

Hillary likes to quote the Chilean poet and teacher, Gabriela Mistral, about our responsibility to children: "Many things we need can wait. The child cannot. Now is the time his bones are formed, his mind is developed. To him, we cannot say 'tomorrow.' His name is 'today.'"

We are here today because all of you, and especially the members of Congress from both parties, stood as one to say that America's foster children can finally have the name, 'today.'

The Foster Care Independence Act expands access to health care, education, housing and counseling for young people who must leave foster care when they turn 18. For the very first time, states will be able to pay housing costs and health insurance for people under 21.

The bill also gives states more resources and flexibility to help former foster children finish high school and go on to college; to help young people get jobs and vocational training; to provide counseling for young people learning to live on their own -- you've already heard how important that is -- and above all, to make sure young adults leaving foster care know they are not out there alone.

The bill makes \$700 million available to the states over five years under very flexible conditions. I challenge the states to use every penny of it. And I know I can depend upon the advocates here --

(laughter) -- to make sure they do.

You also have to help the states, though -- to design good programs, to implement them so the money will be spent with maximum impact. We simply cannot afford to have our high school students sleeping in metro stations, as some of these young people had to do.

We cannot afford to lose our future entrepreneurs and teachers and lawyers to the kinds of obstacles the young people behind me have faced. We can't afford to give up on the future, and these young people are a big part of our future, and our shared responsibility.

We have tried to help America's most vulnerable children grow up healthy and safe, to make the transition into happy, productive adults. We've tried to encourage adoption so that we can end the sadness of young people shuttling from house to house and never knowing a home. We've made adoptions easier and more affordable, given states more flexibility, passed incentive programs for states to promote adoption. These worked so well we actually ran out of money to reward the states. (Laughter.)

I'm pleased that this bill also authorizes additional funds that program needs, because it is working. Our most recent figures show that adoptions are up 29 percent, the first significant increase in two decades. (Applause.)

Now, when we get to the end of the session, sometimes we have to combine a bunch of things in bills, just to get all our work done. And I want to mention one other thing this bill does that is unrelated to young people aging out of foster care or to adoption. This bill includes a provision to honor and assist veterans from other lands who fought with and as a part of the United States Armed Forces during World War II. It creates a special cash benefit under Social Security for veterans who want to leave the United States and return to their homelands.

We have 10 such veterans, 10 Filipino veterans, who are here with us today. I want to thank them for their service, and I ask them to stand and be recognized. We thank you. (Applause.)

So this bill keeps a promise to our children and a promise to our veterans. It was passed with overwhelming support from both parties, proving that we can put partisanship aside, and when we do, it's good for America.

I hope that we will see more of this in the new year. I hope that we can use the historic millennial year to take the rest of the steps we need to deal with the aging of America, by securing Social Security and Medicare, to give our children health coverage, to raise the minimum wage, to pass the common-sense legislation on gun safety and hate crimes, to do the things that we need to do to support working family, including the patients' bill of rights.

These young people here should give us all a lot of courage -- and a lot of heart. They represent, out of the most difficult circumstances, the very best not only of our country, but of what is at the core of human nature. And in this special season for so many of the

world's great religious faiths, we should be very grateful for the gifts they have given us, the gifts they will give us, and the gifts so many other children will be able to give because of this legislation.

Thank you very much. (Applause.)

Now I'd like to ask the members of Congress to come up here, we'll sign the bill.

(The bill is signed.) (Applause.)

END            6:20 P.M. EST



106TH CONGRESS  
1ST SESSION

# H. R. 26

To allow certain individuals who provided service to the Armed Forces of the United States in the Philippines during World War II to receive a reduced SSI benefit after moving back to the Philippines.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. GILMAN (for himself, Mr. FILNER, Mr. CAMPBELL, Mr. CUNNINGHAM, Mrs. MORELLA, Mr. EVANS, Mr. ABERCROMBIE, and Ms. MILLENDER-MCDONALD) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To allow certain individuals who provided service to the Armed Forces of the United States in the Philippines during World War II to receive a reduced SSI benefit after moving back to the Philippines.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. PROVISION OF REDUCED SSI BENEFIT TO CER-**  
2 **TAIN INDIVIDUALS WHO PROVIDED SERVICE**  
3 **TO THE ARMED FORCES OF THE UNITED**  
4 **STATES IN THE PHILIPPINES DURING WORLD**  
5 **WAR II AFTER THEY MOVE BACK TO THE**  
6 **PHILIPPINES.**

7 (a) **IN GENERAL.**—Notwithstanding sections  
8 1611(b), 1611(f)(1), and 1614(a)(1)(B)(i) of the Social  
9 Security Act—

10 (1) the eligibility of a qualified individual for  
11 benefits under the supplemental security income pro-  
12 gram under title XVI of such Act shall not termi-  
13 nate by reason of a change in the place of residence  
14 of the individual to the Philippines; and

15 (2) the benefits payable to the individual under  
16 such program shall be reduced by 50 percent for so  
17 long as the place of residence of the individual is in  
18 the Philippines.

19 (b) **QUALIFIED INDIVIDUAL DEFINED.**—In sub-  
20 section (a), the term “qualified individual” means an indi-  
21 vidual who—

22 (1) as of January 1, 1990, was eligible for ben-  
23 efits under the supplemental security income pro-  
24 gram under title XVI of the Social Security Act; and

25 (2) before August 15, 1945, served in the orga-  
26 nized military forces of the Government of the Com-

1 monwealth of the Philippines while such forces were  
2 in the service of the Armed Forces of the United  
3 States pursuant to the military order of the Presi-  
4 dent dated July 26, 1941, including among such  
5 military forces organized guerrilla forces under com-  
6 manders appointed, designated, or subsequently rec-  
7 ognized by the Commander in Chief, Southwest Pa-  
8 cific Area, or other competent military authority in  
9 the Army of the United States.

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**SUPPLEMENTAL SECURITY INCOME FRAUD AND  
ABUSE**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON HUMAN RESOURCES  
OF THE  
COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

FEBRUARY 3, 1999

**Serial 106-2**

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**SUPPLEMENTAL SECURITY INCOME FRAUD  
AND ABUSE**

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**WEDNESDAY, FEBRUARY 3, 1999**

**HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
SUBCOMMITTEE ON HUMAN RESOURCES,  
*Washington, DC.***

The Subcommittee met, pursuant to notice, at 3:15 p.m., in room B-318, Rayburn House Office Building, Hon. Nancy L. Johnson (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

# ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

## SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE  
January 27, 1999  
No. HR-1

CONTACT: (202) 225-1025

### **Johnson Announces Hearing on Supplemental Security Income Fraud and Abuse**

Congresswoman Nancy L. Johnson (R-CT), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on Supplemental Security Income (SSI) fraud and abuse. The hearing will take place on Wednesday, February 3, 1999, in room B-318 of the Rayburn House Office Building, beginning at 3:30 p.m.

Oral testimony at this hearing will be from invited witnesses only. Witnesses will include representatives of the Social Security Administration (SSA), the SSA Office of the Inspector General, the U.S. General Accounting Office (GAO), and other organizations. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

#### **BACKGROUND:**

SSI will provide more than \$27 billion to 6.6 million aged, blind, and disabled recipients this year. In several reports issued since 1997, GAO has kept SSI on its list of government programs at "high-risk" for waste, fraud, abuse, and mismanagement. The problems uncovered by GAO are wide-ranging. One problem is the ability of applicants to divest their assets in order to qualify for SSI benefits. A second problem is the lack of adequate information on the income, resources, and public benefits of SSI recipients that could limit their eligibility for the program. A third problem is that many SSI overpayments either go uncollected or are collected at a very slow pace, preventing or delaying the collection of hundreds of millions of dollars incorrectly paid to beneficiaries.

Congress addressed some of these problems in the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" (P.L. 104-193). For example, the Act created a "bounty" system of cash incentives for local prisons that report lists of inmates for matching against SSI rolls so that prisoners could be disqualified from receiving further SSI benefits. Many of the proposals under review by the Subcommittee expand on such efforts to ensure both that qualified recipients receive the benefits they are due and that taxpayers are protected from attempts to defraud or otherwise abuse the SSI program.

In announcing the hearing, Chairman Johnson stated: "Although the SSI program continues to be on GAO's list of programs at high risk of waste, fraud, and abuse, I think that we have started to make real progress in fixing the problems. We have taken bi-partisan action such as ending benefits for drug addicts and alcoholics, prisoners, and others who had no rightful claim on taxpayer-paid benefits. We are now working on another set of reforms that we think will lead to further improvements. Working together, we can improve this program, protect taxpayers, and finally get SSI off the list of vulnerable programs."

**FOCUS OF THE HEARING:**

The hearing will focus on fraud and abuse within the SSI program. A major goal of the hearing will be to discuss possible legislative proposals to prevent continued fraud and abuse.

**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 six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect 5.1 format, with their name, address, and hearing date noted on a label, by the close of business, Wednesday, February 17, 1999, 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 Human Resources office, room B-317 Rayburn House Office Building, by close of business the day before the hearing.

**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 submitted on an IBM compatible 3.5-inch diskette WordPerfect 5.1 format, typed in single space and may not exceed a total of 10 pages including attachments. 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, company, address, telephone and fax numbers where the witness or the designated representative may be reached. 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/](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 JOHNSON of Connecticut [presiding]. All right. The hearing on SSI will now begin. First of all, let me compliment the Social Security Administration, the Office of SSA Inspector Gen-

eral, and the General Accounting Office. All of these organizations have worked together with staff from both sides. Oh, I did forget. I don't know how I skipped over it. I am sorry. I did want to introduce the staff before I went on to the rest of the program. Ron Haskins is my chief of staff. Ron, stand up. Why don't you stand up as I introduce you. Cassie Bevan, Margaret Pratt, Shavonne McNeill, and Nick Gwyn, the staff for the other side. But, we are very blessed to have very knowledgeable staffers on both sides of the aisle, and for that, I am very grateful.

To go back to this hearing, this is a hearing that has been prepared in close cooperation and in close communication, more importantly, with the Social Security Administration, the Office of Inspector General, and the General Accounting Office. All of these offices have worked with our staff on both sides and Ben and I, to introduce the bill before us.

It seems especially appropriate to observe that this legislation represents the Federal Government at its best. Both the Inspector General and the GAO have carefully studied the administrative procedures being followed by the Social Security Administration, as well as types of fraud and abuse that were occurring in the program. On this basis, they recommended changes that show promise of reducing fraud and abuse, saving taxpayers' dollars, but protecting and preserving the purpose of the program.

Although I am a new Chairman of this Subcommittee, I served on this Subcommittee for many years under Tom Downing. And I want to emphasize the record of bipartisan work that has developed over all of these years, and a lot over the past 3 years.

Bipartisan bills include legislation on promoting adoption, on ending discrimination in foster care and adoptive placements, and on strengthening child support enforcement. These bills went on to receive overwhelming bipartisan support on the House and Senate floors, and to be signed into law by the President. So, this important SSI bill joins a growing list of measures originated by this Subcommittee that have enjoyed broad bipartisan support.

And as you can tell from my comments, not only have we worked together in many other instances that some of you may recall, but we both come to this subject with a lot of interest and experience in the past and commitment to addressing some of the current problems in the future. In this spirit, I want to draw our attention to what looks like a significant shift in the way the Social Security Administration approaches its responsibilities in dealing with fraud and abuse and the programs under its stewardship.

As the General Accounting Office pointed out in a recent report, the culture of SSA as an organization has been focused almost exclusively on developing procedures to make sure people get their benefits. As a result, SSA does not have a track record of diligence in working to minimize fraud and abuse. I think the role that SSA played in developing this bill, as well as their solid implementation of the 1996 reforms of the SSI Children's Program, shows that they are absolutely capable of seriously implementing fraud and abuse prevention and provisions, and at the same time, guaranteeing a very high level of performance in delivering appropriate benefits.

[The opening statement follows:]

**Opening Statement of Hon. Nancy L. Johnson, a Representative in  
Congress from the State of Connecticut**

I want to begin by complementing the Social Security Administration, the Office of SSA's Inspector General, and the General Accounting Office. All of these organizations have worked together to develop the provisions in the bill that Ben Cardin and I introduced earlier today.

It seems especially appropriate to observe that this legislation represents the federal government at its best. Both the Inspector General and GAO carefully studied the administrative procedures being followed by the Social Security Administration as well as the types of fraud and abuse that were occurring in the program. On this basis, they recommended changes that show great promise for reducing fraud and abuse and thereby saving taxpayer dollars.

Although I am new as Chairman of this Subcommittee, I served on the Subcommittee for many years under Tom Downey and I want to emphasize the record of this Subcommittee in producing bipartisan legislation over the past three years. These bipartisan bills included legislation on promoting adoption, on ending discrimination in foster care and adoptive placements, and on strengthening child support enforcement. All of these bills went on to receive overwhelming bipartisan support on the House and Senate floors and to be signed into law by the President. So this important SSI reform bill joins a growing list of measures, originated by this Subcommittee, that have enjoyed broad bipartisan support.

Mr. Cardin and I have worked on many issues over the years and we share an interest in practical, effective solutions to the nation's social problems. I am looking forward to working with you, Ben, for at least the next two years.

In this spirit, I want to draw attention to what looks like a significant shift in the way the Social Security Administration approaches its responsibilities in dealing with fraud and abuse in the programs under its stewardship. As the General Accounting Office pointed out in a recent report, the culture of SSA as an organization has been to focus almost exclusively on developing procedures to make sure people get their benefits. As a result, SSA does not have a track record of vigilance in working to minimize fraud and abuse. I think the role that SSA played in developing this bill, as well as their solid implementation of the 1996 reforms of the SSI children's program, shows that they now take these issues seriously and that in the future we can expect the same level of performance in attacking fraud and abuse as in providing appropriate benefits.

I thank all our distinguished witnesses for appearing today to give us the benefit of your comments on our bill. We will pay close attention to your testimony. Mr. Cardin, would you care to make an opening statement?

Chairman JOHNSON of Connecticut. I thank all of our witnesses who are appearing today, and to give us the benefit of your comments on our bill. We will pay close attention to your testimony.

Mr. Cardin.

Mr. CARDIN. Thank you, Madam Chair. We are off to a good start. At this hearing we will be concentrating on SSI and fraud, the bill that was filed by the Chair and myself in a very bipartisan way. It is a good start for the Subcommittee and I think it bodes well for our future.

SSI is a very important program to millions of Americans. There are 6.6 million low-income, elderly and disabled Americans who benefit from SSI. It means the difference for many people of being able to keep their heads above water or living or drowning in poverty. Fraud is disturbing in SSI because of the importance of that program. And it is important for us to look at ways to rid out with the system, fraud, so that people who need and benefit from SSI can continue to do so.

Our bill attempts to deal with this problem in a responsible way. The bill provides for the administration to be able to get more data on SSI applicants and make sure that they are truly eligible for the benefits. It adds additional protections that are already in the Med-

icaid Program related to individuals disposing of their assets in order to obtain SSI benefits, and provides stronger penalties for those who are guilty of fraud.

It is important to note, however, the bill does not include past proposals to lower benefits for multiple SSI recipients who live in the same household. It does not limit the evidence used to determine a child's eligibility for SSI or eliminate the cap on how much a recipient's current benefits can be reduced to recoup past overpayments. Our proposal focuses on cutting fraud, not benefits to needy individuals.

I do look forward to listening to the witnesses as to how they believe we can improve SSI and the administration of the program. That we can strike the right balance between reducing fraud while still protecting those in need. We do have a distinguished panel of witnesses today, and we look forward to your testimony. I particularly want to acknowledge my colleague from California, Congressman Filner. It is a pleasure to have you before our Subcommittee.

Chairman JOHNSON of Connecticut. Representative Filner, it is a pleasure to have you and thank you for your interest.

**STATEMENT OF HON. BOB FILNER, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. FILNER. Thank you, Madam Chair. Mr. Cardin and colleagues, I thank you for your courtesy. You have an ambitious agenda ahead of you and I wish you well on it.

I want to thank you for your consideration today in the legislation of a measure to allow Filipino World War II veterans who are currently citizens of the United States and receiving SSI benefits, to return to the Philippines with a portion of these benefits intact. Congressman Gilman, the distinguished Chair of the International Relations Committee, has recently introduced associated legislation, H.R. 26, the Filipino Veterans SSI Extension Act, of which I am an original cosponsor. You may know that Congressman Gilman and I have been working long and hard for several years on behalf of this group of great veterans, and we are most appreciative of your interest in this important matter.

Thousands of Filipino World War II veterans who were drafted into service during World War II by President Roosevelt and then denied benefits by Congress in 1946, have immigrated since to the United States. It was widely, but mistakenly believed by them that when they arrived in the United States, their veterans benefits would be restored, and they would have the financial means to bring their families to the United States. Instead, many of these veterans, who today are in their seventies and eighties, are ill, lonely, and living in poverty in our major cities. Your consideration of a measure to provide relief for these Filipino veterans is very wise.

Most importantly, the measure would allow families to be united and many veterans would no longer be lonely and living in poverty in the United States. But, in addition, our government would save millions and millions of dollars, the amount of savings dependent on how many veterans actually return to the Philippines. Savings would come from the reduced amount of SSI payments the veterans would receive in the Philippines, as well as the elimination of Med-

icaid and food stamp payments, which these veterans currently receive while residing here.

I urge you to include in the legislation that is before you today this provision to allow Filipino World War II veterans who are currently citizens of the United States and receiving SSI payments to take a portion of their benefits with them if they return to live in the Philippines.

Thank you, Madam Chair, for allowing me to speak on behalf of these brave veterans of World War II.

[The prepared statement follows:]

**Statement of Hon. Bob Filner, a Representative in Congress from the State of California**

Madame Chairman and colleagues, I would like to thank you for your consideration, today, of a measure to allow Filipino World War II veterans who are currently citizens of the United States and receiving SSI benefits to return to the Philippines with a portion of these benefits intact.

Congressman Gilman, Chairman of the International Relations Committee, has recently introduced associated legislation, H.R. 26, the Filipino Veterans SSI Extension Act, of which I am an original co-sponsor. You may know that Congressman Gilman and I have been working long and hard for several years on behalf of this group of brave veterans, and we are most appreciative of your interest in this important issue.

Thousands of Filipino World War II veterans, who were drafted into service during the war by President Franklin D. Roosevelt and then denied benefits by Congress in 1946, have immigrated to the United States. It was widely but mistakenly believed by them that when they arrived in the United States, their veterans benefits would be restored and they would have the financial means to bring their families to the States. Instead, many of these veterans who today are in their 70s and 80s are ill, lonely, and living in poverty in our major cities.

Your consideration of a measure to provide relief for these Filipino veterans is very wise! Most importantly, this measure would allow families to be united—and many veterans would no longer be lonely and living in poverty in the United States.

But, in addition, our government would save millions of dollars, the amount of savings dependent on how many veterans returned to the Philippines. Savings would come from the reduced amount of SSI payments the veterans would receive in the Philippines, as well as the elimination of Medicaid and food stamp payments which these veterans currently receive in the United States.

I urge you to include, in the legislation before you today, this provision to allow Filipino World War II veterans who are currently citizens of the United States and receiving SSI payments to take a portion of their benefits with them if they return to live in the Philippines! Thank you, again, for allowing me to speak on behalf of Filipino World War II veterans.

Chairman JOHNSON of Connecticut. Thank you, Congressman. You stated the case very, very well, and it is a very important matter to consider. We will discuss it as a Committee and let you know.

Mr. FILNER. Thank you very much.

Chairman JOHNSON of Connecticut. Are there questions? Scott, Congressman McInnis of Colorado.

Mr. MCINNIS. Thank you, Madam Chairman. How many other countries do we allow this to occur in? Do we allow it to happen to residents of France that fought in World War II on our behalf or residents of Canada or residents of Mexico?

Mr. FILNER. I know of no other nation, Congressman. However, what we have here is a unique situation. Out of the 66 nations whose nationals actually served in World War II, only one nation, the Philippines, had their nationals denied the benefits that were

implicitly and explicitly promised. That is, we are in a unique situation in terms of an actual act of Congress that was passed in 1946, 53 years ago, that took away the benefits that had been promised. So Congress acted in 1946, and it has been a matter, in my opinion and many people in this Nation, of injustice and a blot on our own historical record that we have been trying to correct since.

Mr. MCINNIS. What is the reasoning? I mean, the Congress didn't just decide to be mean to people from the Philippines. I mean, there must be some basis for this decision in 1946.

Mr. FILNER. To put the best light on it, the Philippines were a dependency of the United States, and did receive their independence in 1946. The Congress at that point said you have got independence, it is your problem now to take care of these folks. And I think there was a tinge of racism, given the fact that nationals of 65 other nations did receive benefits. But to put the best light on it, it was seen as a reaction to the independence, and therefore, solve your own problems.

Mr. MCINNIS. One more question on my mind, Madam Chairwoman. That is, Congressman, do you have copies of the historical records on the—

Mr. FILNER. Oh, yes.

Mr. MCINNIS. Could you give us a copy of that?

Mr. FILNER. We would be happy to. We have tons.

[The information is being retained in the Committee files.]

Mr. FILNER. This has been an issue that has occupied Congressman Gilman and other Congressmen in this Congress, and Senators, for many, many years. Historians have written on it. There is a statement by Congressman Campbell which summarizes the case; you will have a witness later today on the panel who will have that, but we can provide you with much of the material, and I appreciate your interest, sir.

Thank you, Madam Chair.

Chairman JOHNSON of Connecticut. I might note that the legislation would cover only those who are on the rolls at this time and that the provision will actually save money because of the reduced benefit that those who take up this option would agree to.

Mr. Cardin.

Mr. CARDIN. I was just going to point out that the Committee has received from the last Congress an estimate on H.R. 4716, which I believe is the provision that you are referring to, that it would reduce spending, direct spending by \$4 million over the 1999 to 2003 period, and \$30 million potential savings. So, the bill would reduce middle cost.

Mr. FILNER. Thank you, Mr. Cardin.

Chairman JOHNSON of Connecticut. I have the pleasure to welcome Mr. Jefferson to our meeting. Any questions or comments from any other Member?

Thank you very much, Mr. Filner.

Mr. FILNER. Thank you, Madam Chair.

Chairman JOHNSON of Connecticut. I would like to call forward John Dyer, who is Principal Deputy Commissioner of the Social Security Administration. Welcome, it is a pleasure to have you.

**STATEMENT OF JOHN R. DYER, PRINCIPAL DEPUTY  
COMMISSIONER, SOCIAL SECURITY ADMINISTRATION**

Mr. DYER. Good afternoon. Thank you, Madam Chair, and Members of the Subcommittee, for this opportunity to appear before you today to discuss our mutual commitment to strengthening the integrity of SSI, the Supplemental Security Income Program. We have appreciated the opportunity to work closely with this Subcommittee in identifying and refining approaches to strengthen the administration of the Nation's SSI Program.

About 6.5 million aged, blind, and disabled individuals, who have little income or resources, now receive monthly SSI benefits. More than 2 million are age 65 or over, and of these, over half are 75 or older. Nearly three-fourths are women, and many if not most are widows. At the other end of the age spectrum, nearly 890,000 are severely disabled children.

These individuals are also among our most vulnerable citizens. For them, SSI is truly the program of last resort, providing a safety net that protects them from complete impoverishment. We must, therefore, work to increase the administrative efficiency of the SSI Program while assuring the program continues to meet the needs of people who are dependent upon it.

We believe that a key element of stronger SSI management is ongoing program evaluation and public accountability.

Last April, I appeared before this Subcommittee to discuss the development of a comprehensive SSI management plan. We told you we would produce one, and this last October, the Commissioner issued such a plan.

The areas identified for improvement are overall payment accuracy; increasing continuing disability reviews; approving debt collections; and, expanding our effort to combat program fraud. In each area, we have set challenging, but achievable, goals.

To improve payment accuracy, we have expanded our successful electronic information significantly over the last few years with Federal and State agencies, prisons, jails, and other correctional facilities.

This past October, we began State wage and unemployment information matching through the National Directory of New Hires database. This matching effort has produced more than 350,000 alerts about wages on records of SSI beneficiaries and their spouses, or their parents if they are children. By 2002, we expect that this matching effort will prevent \$110 million in overpayments each year.

The President's fiscal year 2000 budget calls for increasing the number of redeterminations of individuals' income and resources to 2.2 million for a total increase of 22 percent over the fiscal year 1998 number of redeterminations. Through this initiative, we expect to reduce overpayments by \$260 million annually by fiscal year 2002. When overpayments do occur, our debt collection efforts are vital. Each year, SSA detects substantial amounts of SSI overpayments, more than \$1.3 billion in fiscal year 1998. SSA has collected about \$539 million of the 1998 debt this past year. Over a period of several years, a substantial part of each year's discovered debt is recovered. For example, so far we have recovered about 60 percent of the new debts that we discovered in 1990.

We are also focusing on program fraud. SSA and our Inspector General have developed a comprehensive antifraud plan, which we call Zero Tolerance for Fraud, which our OIG will discuss later in this hearing.

Last May, Commissioner Apfel sent to the Congress the Supplemental Security Income Program Integrity Act of 1998, and proposals in that bill have been included in the President's fiscal year 2000 budget. We are encouraged that the Subcommittee has included most of our proposals in its draft bill, the SSI Fraud Prevention Act of 1999. These provisions will strengthen the SSI Program and will help us manage this important program.

The SSI proposals under discussion today generally fall into three categories: Payment accuracy, debt collection and antifraud. Both our and the Subcommittee's proposals will improve payment accuracy by providing for data matches that will enable us to identify unreported changes earlier, so that we can prevent or reduce overpayments. Specifically, these proposals would require further matches with the Health Care Financing Administration's nursing home admission data, which will help SSA to identify unreported admissions of SSI beneficiaries.

Second, the proposals would require SSI applicants and beneficiaries to authorize SSA to obtain all financial records from any and all financial institutions so that we can obtain the information electronically. These matches will help uncover undisclosed accounts, and allow us to get information more efficiently. In addition, we support the proposal in the Subcommittee's bill that would deem SSA's rigorous data privacy standards to meet all State standards for the purposes of sharing data.

With regard to debt collection, both our and the Subcommittee's bills would extend to SSI all overpayment debt collection authorities currently available under the Old-Age, Survivors, and Disability Insurance Program. These include reporting delinquent debt to credit bureaus, using private collection agencies and charging interest. We also support the Subcommittee's proposal relating to overpayment collections from individuals convicted of crimes.

Our antifraud initiatives would be greatly strengthened with the enactment of the administrative sanctions that we both have proposed, as would the proposal in the Subcommittee's bill for penalties for attorneys and physicians who commit program fraud. The proposal requiring SSA to look for patterns of abuse by physicians who conduct consultative examinations is a useful tool for strengthening the integrity of the program.

Although not strictly antifraud proposals, we thank the Subcommittee for adopting the Administration's proposals to close loopholes in current law that allow SSI applicants to contravene basic program principles, namely that an individual with the means to provide for his or her needs should use them for this purpose. With the enactment of these proposals, individuals would no longer be able to dispose of their resources for less than fair market value or shelter them in a trust solely to qualify for SSI benefits.

In conclusion, we are pleased that the Subcommittee has included in its bill almost all of the Administration's payment accuracy, debt collection, and antifraud proposals. The Commissioner and I believe that we have common ground to advance meaningful

legislation that will improve SSA's administration of SSI. By working together, we can strengthen this vitally important program.

This concludes my testimony, and you have my written statement. I would be glad to answer any questions, Madam Chair.

[The prepared statement follows:]

**Statement of John R. Dyer, Principal Deputy Commissioner, Social Security Administration**

Madame Chair and Members of the Subcommittee:

I appreciate this opportunity to appear before the Subcommittee to discuss the Social Security Administration's (SSA) ongoing efforts for strengthening the integrity of the Supplemental Security Income (SSI) program and the provisions in the Subcommittee's bill, the "SSI Fraud Prevention Act of 1999." SSA is firmly committed to effective management of the SSI program, and we look forward to working with the Subcommittee to strengthen the SSI program.

We are pleased that the proposals that have been advanced by the Administration have been included in the Subcommittee's own draft bill. We believe that these measures will help SSA to ensure that individuals who are eligible for SSI receive the correct amount of assistance, while further reducing the possibility that individuals erroneously receive benefits. SSA continually strives to balance our responsibility to process initial applications promptly with our duty to ensure that payments made are accurate.

SSA has established major administrative initiatives to improve Agency stewardship of the SSI program. These initiatives demonstrate our commitment to take the actions necessary to effectively deal with program integrity issues. A number of initiatives that SSA has underway will yield results in the near future, while others will take longer to produce significant improvements. We will aggressively monitor each initiative and make modifications when necessary to ensure that the best possible results are achieved.

**CURRENT BENEFICIARIES**

Before I begin discussing specific program issues and proposals, I would like to give you some idea of the scope of the SSI program. The positive effects that the SSI program has on millions of needy aged, blind, and disabled individuals of this country is best described through the individuals that the program serves.

On average during fiscal year (FY) 1998, 6.6 million aged, blind, and disabled individuals received SSI benefits on a monthly basis. For these beneficiaries, SSI is a vital lifeline that enables them to meet their needs for basic necessities of food, clothing, and shelter. In FY 1998, these individuals received more than \$27 billion in Federal SSI benefits and an additional \$3 billion in State supplementary payments.

More than 2 million of the individuals receiving SSI are 65 or older. Of these, over half (57 percent) are 75 or older. Seventy-three percent of those over 65 are female and many, if not most, are widowed. At the other end of the age spectrum, nearly 890,000 severely disabled children under age 18 receive benefits.

The 1999 Federal SSI benefit rate is \$500 a month. While the 1999 Federal poverty guidelines have not yet been published, the SSI monthly benefit rate over the years has consistently represented just 74 percent of the Federal poverty guideline for an individual. The Federal benefit rate for eligible couples—\$751—represents 82 percent of the poverty guidelines for two persons.

Here are some typical examples of SSI beneficiaries:

- An aged beneficiary who is a 71 year-old widow and lives alone in a rented apartment, has only a small OASDI check and no other income. For her, the SSI check along with her small survivors benefit provides only a basic level of subsistence;
- A disabled beneficiary who is 45 years old and mentally ill. This beneficiary has had limited or no prior connection to the workforce (and therefore no OASDI benefits) and no other income; and
- A disabled child who is 12-years old with mental retardation, with a single parent who has no income or who works and has fluctuating wages. Their total family income is well below established poverty guidelines.

As you can see, these individuals are among the most vulnerable Americans. For them, SSI is truly the program of last resort and is the safety net that protects them from complete impoverishment.

After a decade of substantial growth, the number of SSI beneficiaries has leveled off. A projection of SSI participants presented in the 1998 "Annual Report of the

Supplemental Security Income Program," that was sent to Congress in May, indicates that the program is expected to grow only modestly over the next 25 years. Expressed as a percentage of the total U.S. population, the number of Federal SSI beneficiaries declined from its 1996 level of 2.3 percent to 2.2 percent in 1997, and is projected to remain fairly level at roughly 2.2 percent of the population through 2022.

#### PROGRAM ADMINISTRATION

In 1972, when the SSI program was established, Congress moved the responsibility for administering programs for needy aged, blind, and disabled individuals from the States to the Federal Government. SSA was given the job of administering SSI because Congress wanted to provide a standard floor of income to needy aged, blind, and disabled individuals based on nationally uniform criteria.

From that perspective, the program and SSA's administration of it have been highly successful. SSA has always aimed to administer this program in a uniformly fair, humane, and responsive manner. Our efforts have been designed to maximize the program's efficiency while, at the same time, to safeguard its integrity and to meet our responsibilities to the American taxpayers. Achieving this balance has been and continues to be one of SSA's biggest challenges.

However, what the framers of the SSI program may not have fully recognized was the complexity associated with designing and administering a system that is sensitive and responsive to individuals' changing needs. The program has become increasingly complex over the years due to numerous changes that were enacted in response to concerns about program policies that address the multiplicity of events and situations that occur in the everyday lives of aged, blind and disabled individuals.

We have always been committed to administering the SSI program as efficiently and accurately as possible. It is important to our nation and the needy aged, blind, and disabled individuals that the program serves. We are strengthening the administration of SSI in order to retain public confidence in the program.

Our reliance on recipient reporting, data matches, and selective, periodic eligibility reviews has permitted SSA to achieve a relatively good payment accuracy rate for the SSI program. In FY 1997, the payment accuracy rate—a widely employed gauge of how well the program is being administered—was about 94.7 percent. However, we believe we can improve our administration of the SSI program in ways that will further increase the accuracy rate and reduce erroneous payments.

Our goal is to increase the accuracy rate to 96 percent by 2002 through management improvements and through the changes that we have recommended in our legislative proposals, which are included in the draft bill under consideration by this Subcommittee. Many of the proposals in the Subcommittee bill were included in the "Supplemental Security Income Program Integrity Act of 1998," which Commissioner Apfel sent to the Congress on May 4, 1998.

#### SSI MANAGEMENT REPORT AND INITIATIVES

As the Commissioner has stated, one of the key elements of stronger management of the SSI program is ongoing evaluation and public accountability. Last April, I appeared before the Subcommittee and discussed the development of a plan which would allow SSA to reach our 96 percent payment accuracy goal. This plan is embodied in the report "Management of the Supplemental Security Income Program: Today and in the Future," which was issued by Commissioner Apfel in October. Copies of the report were sent to the Subcommittee and the other committees in Congress with responsibility for the SSI program.

The report was prepared at the direction of Commissioner Apfel and led to a comprehensive review of the SSI program, which identified the program's challenges and vulnerabilities. Our review identified areas in which the SSI program can be better managed: improving overall payment accuracy; increasing continuing disability reviews; expanding our efforts to combat program fraud; and improving debt collections. In each area, we have set aggressive but achievable goals to improve our management of the program. The SSI report—the first ever issued by SSA—demonstrates Commissioner Apfel's and the Agency's commitment to meeting these goals.

#### PAYMENT ACCURACY

In order to understand the complexity of the program, it is essential to understand how SSI payments are calculated.

Two factors used to determine an individual's monthly benefit are income and living arrangements. Income can be in cash or in-kind, and is anything that a person receives that can be used to obtain food, clothing, or shelter. It includes cash income such as wages, OASDI and other pensions, and unemployment compensation. In-kind income includes food, clothing, and shelter or something someone can use to obtain those items. Generally, the amount of the cash income or the value of the in-kind income is deducted from the Federal benefit rate, which is currently \$500 a month. SSI is designed to supplement the individual's other income up to a minimum monthly floor of income.

Individuals' SSI benefit amounts also may change if they move into a different living arrangement. By living arrangement, we mean whether a person lives alone or with others, or resides in a medical facility or other institution. When individuals move into nursing homes, their benefits may be reduced to not more than \$30 per month, and when they leave their benefit may be increased. If they move from their own household into the household of another person, and that person provides food, clothing, or shelter, their benefits also may be reduced. If their incomes or resources in a month exceed the limits specified in the law they may be ineligible. The design of the SSI program requires SSA to take into account the many changes in an individual's financial and personal life and make adjustments in benefit payments to reflect those changes.

To a significant extent, SSA must rely on applicants and beneficiaries to report relevant information that may affect their benefits, especially information that is not available from other sources. For example, reports of people moving in and out of a household would not be available from any other source than the recipients. Because it is extremely difficult for SSA to obtain information about every change in an individual's income, resources, or living arrangement in a timely fashion, there will inevitably be some overpayments and underpayments that will be made some month.

The first line of defense against overpayments is to assure that those who receive SSI understand how the program works and why timely reports of changes are important. At every opportunity, our employees emphasize to SSI beneficiaries or their representative payees the importance of reporting changes in their circumstances. However, if beneficiaries do not report or if reports are made or changes occur after benefits have been paid, overpayments may occur. We have found that often, beneficiaries do not fully understand how changes in their everyday situations may affect their eligibility for SSI or the amount of their monthly payment; nor do they always understand their responsibility to report changes, even seemingly minor changes that still can affect their eligibility or monthly payment.

For example, every time the wages of a disabled child's parent fluctuate because of working extra hours, because of a raise, or because of an additional payday within a month, the amount of income deemed to the child changes. If an individual has slightly more than the allowable resource limit in his or her bank account at the beginning of a month, he or she may be overpaid SSI for the month. An unanticipated living arrangement change in the middle of a month can cause an overpayment.

The areas of wages, financial accounts, and institutionalization account for nearly half of the overpayments made in the SSI program. We believe that matching information with various databases holds great promise in the prevention of overpayments caused by these factors and that access to data is vitally important in our plans to improve program administration.

To this end, we have expanded our electronic information exchanges significantly over the years. Currently our computer matching efforts include matches with:

- Office of Personnel Management;
- Department of Veterans Affairs;
- Railroad Retirement Board;
- Internal Revenue Service;
- Health Care Financing Administration (HCFA);
- State wage and unemployment records;
- Savings bonds records; and,
- Prisons, jails, and other correctional facilities.

These matching efforts have been very successful. For example, in October 1998 we began matching SSI records with State wage and unemployment information in the National Directory of New Hires database. This matching effort has produced more than 350,000 "alerts" about wages paid to SSI beneficiaries and their spouses, or, in the case of children, their parents, and we estimate that by 2002 these matches will prevent \$110 million in overpayments annually. In addition, during the same time, there have been over 19,000 "alerts" with regard to unemployment compensation. While undoubtedly many individuals' SSI records already included

wage and unemployment compensation information, it appears that some of the amounts of the income were not accurate, and in some instances, the income had not been reported.

Another example of the effectiveness of data matching is the November 1998 match with Medicaid and Medicare information in HCFA's database. The match disclosed 38,000 nursing home admissions by SSI beneficiaries. Again, not all of these admissions were unreported by the SSI beneficiaries, but it is clear that getting the data from these matches will prevent or reduce SSI overpayments. By 2002, we estimate that these matches will prevent about \$20 million in overpayments each year.

While computer matching produces information at periodic intervals, online access to data allows SSA to electronically access current information held by other organizations for purposes of determining accurate SSI benefit payments. Online access provides the means to prevent overpayments by identifying undisclosed income or resources, or the current value of these items. SSA is testing an on-line approach to State databases—human services, vital statistics, and unemployment and workers' compensation—in a pilot program in Tennessee. SSA has begun implementing this model with multiple agencies in other States.

Another example of successful data exchange involves State reports of death to SSA. Most States currently report death information to SSA promptly. This allows us, and other State and Federal agencies that use SSA's death information file, to avoid paying benefits to deceased individuals. To address problems with reporting of deaths from a small number of States, the Administration has included in its FY 2000 budget a proposal that would improve the timeliness of death reports from the States. Under this proposal, States would be required to furnish SSA with death reports within 30 days after the State receives it. We urge the Subcommittee to support this provision.

We also have a significant matching program underway with over 3,500 prison facilities nationwide, which covers 99 percent of the inmate population. Reports received from these facilities about the incarceration of SSI or OASDI beneficiaries enable us to promptly stop benefits. Since November 1998, we have had the capacity to share this information with other Federal agencies in order to help them prevent overpayments or even fraud with respect to their programs.

These examples show how matches and online data can ensure that SSA makes accurate SSI payments. However, we do not currently have the authority to carry out matches in some situations that would enable us to verify more efficiently individuals' income resources and living arrangements for SSI purposes. The legislative proposals SSA sent to Congress last year and that have been included in both the Administration's and the Subcommittee's bills would strengthen SSA's ability to obtain information electronically that will lead to earlier detection of changes in income, resources, and living arrangements that may have not been reported.

#### DEBT COLLECTION

Each year, SSA detects substantial amounts of individual overpayments in the SSI program (more than \$1.3 billion in FY 1998). In FY 1998, SSA collected \$539.2 million in existing debt. Although these collections represented a relatively small proportion of SSA's entire outstanding portfolio of debt in 1998, the result over time is that a substantial portion of each year's debt is recovered. For example, a recent study of the debt detected in calendar year 1990 shows that as of December 31, 1997, 60 percent of the total 1990 SSI debt had been recovered. Given the current status of the collections for these overpaid dollars, we believe that we will eventually recover more than 62 percent of the 1990 debt.

To recover SSI debts, SSA can currently use the following debt collection tools: benefit offset (SSI and OASDI), repayment by refund, and offsets from tax refunds. The process SSA uses in recovering debt is as follows:

When an individual has been overpaid, SSA sends a notice that explains the reason for the overpayment, the options for repayment, and the individual's rights in connection with the overpayment. Under provisions of the Social Security Act, an individual has the right to appeal the decision that he or she is overpaid or to request that recovery of the debt be waived. Waiver of recovery of an overpayment generally is granted if an individual is without fault in causing the overpayment and repayment would cause a hardship.

Collection is relatively certain from individuals who remain on the SSI rolls. SSA eventually recovers more than 90 percent of overpayments made to individuals who remain on the rolls through offset of their ongoing monthly benefits. Overpayment collection from persons who are no longer receiving SSI is more difficult and costly. Although these individuals may be in better financial circumstances than they were

when they were receiving SSI, they are often only marginally better off. Thus, it is often difficult to obtain voluntary repayments of these overpayments.

SSA has an automated system for managing the pursuit and recovery of these debts. The system sends bills and requests for repayment to overpaid individuals. If these individuals do not repay, SSA sends them a series of follow-up requests for repayment. If these are unsuccessful, SSA's own debt collectors contact these debtors and attempt to negotiate a repayment arrangement.

SSA notifies the Treasury Department of individuals with delinquent debts related to overpayments. These debts are deducted from the individuals' tax refunds. With the expansion of SSA's tax refund offset program in 1998 to include delinquent SSI debts, the collection of debts from those no longer on the rolls has been strengthened. In 1998, SSA collected \$23.5 million in SSI debts via offset, and another \$12.1 million in voluntary repayments from people who wanted to avoid the offsets. SSA uses the tax refund offset program to recover from both the delinquent debtors being pursued through the billing and follow-up process as well as from those debtors whose debts have been written off.

In addition, SSA has a new and important tool to recover SSI debt from the individual's OASDI benefit, and we thank members of the Subcommittee for their support in providing us with this tool. The enactment of the "Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998," authorized SSA to recover an SSI debt from the individual's Social Security benefit (up to a limit of 10 percent of that benefit). Previously, SSI overpayments could be recovered from OASDI benefits only if the person authorized SSA to do so. We expect that we will recover an estimated \$30 million annually using this tool.

We are also implementing wage garnishment to recover SSI debt. While we are only in the preliminary stages of developing policies and procedures for this debt recovery tool, I mention it here as an example of SSA's commitment to collect as much of the debt as possible.

Our SSI recovery tools are somewhat limited in comparison to those that are authorized for the purpose of recovering OASDI debt. In order to expand those tools, the President's budget contains a proposal, that I will discuss later, that will give SSA additional debt collection authorities that will help us do even more to recover outstanding SSI overpayments. We are grateful that an identical proposal is included in the Subcommittee's bill.

#### MEASURES TO ADDRESS VULNERABILITIES TO FRAUD

Although we believe that the most important elements in strengthening the SSI program are improved payment accuracy and debt collection, we are also very concerned about fraud in the SSI program. Included in SSA's strategic plan is a goal to make our management of the SSI program the best in business with zero tolerance for fraud. To this end, SSA and the Office of the Inspector General (OIG) have cooperated in developing a comprehensive anti-fraud plan, which we call "Zero Tolerance for Fraud." The plan has three goals:

- change programs, systems, and operations to reduce instances of fraud;
- eliminate wasteful practices that erode public confidence in SSA; and
- prosecute vigorously, individuals or groups who violate the integrity of SSA's programs.

The activities in the plan fall generally under the categories of fraud prevention and detection, referral and investigation, and enforcement.

The SSI Management Report, which I referred to earlier, includes comprehensive descriptions of OIG's efforts concerning residency fraud, and the joint OIG/SSA efforts with regard to collaborator or "middleman" fraud. I will not reiterate what is in the report. However, I do want to mention that we have expanded our efforts at uncovering and preventing residency fraud in the Chicago, New York, and Atlanta regions.

The SSI Management Report also described the pilot project underway in 5 States involving State Disability Determination Service (DDS) Cooperative Disability Investigation (CDI) units made up of OIG and DDS employees. These units are designed to improve the DDS' capability to detect fraud and abuse at the earliest point in the disability determination process, thereby preventing erroneous eligibility. The CDI units are presently located in California, Georgia, Illinois, Louisiana, and New York. Due to the success of the CDI units, two new sites (Missouri and Oregon) have been funded for FY 1999. Consideration is being given to expand the CDI units into other States.

As of the end of 1998, the CDI units had processed 756 case referrals and developed evidence to support 101 denials for benefits for projected program savings of over \$6 million. In addition, over \$100,000 will be recovered through repayment

agreements, restitution orders, offsets to continuing benefits and the return of uncashed checks. These amounts exemplify the success of these operations and SSA's and OIG's commitment to combat fraud through a variety of methods.

In spite of our continued efforts to protect U.S. taxpayers by making sure that only those aged, blind, and disabled individuals who are eligible for benefits receive only amounts due them, there are a small number of persons who attempt to obtain benefits fraudulently. I want to assure the Subcommittee that we will continue to strengthen our ability to prevent, detect, and investigate fraud and to penalize those who misrepresent or omit facts in order to obtain benefits for which they are not eligible.

Both the President's Budget and the Subcommittee bill include proposals for strengthening SSA's hand in preventing fraud.

#### SSI REDETERMINATIONS

Redeterminations are the most powerful tool available to SSA for improving the accuracy of SSI payments. They are periodic reviews of an individual's income, resources, and other nondisability-related factors that affect an individual's eligibility or benefit amounts, and are a very effective way to uncover unreported changes in individuals' income and resources and to avoid large overpayments.

Every year SSA contacts SSI beneficiaries to update the income and resource factors which affect eligibility and payment amount. These contacts can be face-to-face comprehensive reviews in which only a single issue is addressed, and those in which a specially designed mailed questionnaire is appropriate.

This year SSA is increasing the number of redeterminations it will conduct from 1.8 million in FY 1998 to 2.1 million. The President's FY 2000 budget calls for yet another increase to 2.2 million. With these increases, SSA by 2002 expects to reduce SSI overpayments by \$260 million annually.

We ask your support for our full administrative budget request for FY 2000.

#### PROPOSALS IN THE PRESIDENT'S BUDGET

Although I said it earlier, it bears repeating: SSA takes the administration of the SSI program very seriously. As careful stewards of the SSI program, SSA has always worked to improve its administration of this vitally important program. Last May, Commissioner Apfel sent to Congress the "Supplemental Security Income Program Integrity Act of 1998." Proposals in that bill have been included in the President's fiscal year FY 2000 budget. We believe that the proposals will give SSA valuable tools to further our efforts, and we are encouraged and grateful that the Subcommittee has included our proposals in its draft bill.

Three of the proposals in the Budget are intended to improve SSA's ability to gather information that is material to an individual's eligibility or correct amount of assistance. These improvements will enable us to identify unreported changes earlier so we can prevent overpayments or reduce the amount of overpayments flowing from the unreported event. The proposals would expand the pool of data available to SSA or make the data available on a more timely and economical basis. The Subcommittee bill includes two similar proposals that:

- Would require the Commissioner to conduct more frequent, periodic matches with Medicare and Medicaid data held by the Secretary of Health and Human Services. It would also authorize the Commissioner to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected to last fewer than 3 months. This proposal will allow SSA to correctly adjust the SSI benefit without having to rely on the individual, a family member, or the institution phoning or writing us concerning the change. It will also enable SSA to identify situations in which the individual's admission to a facility has gone unreported; and
- Would authorize the Commissioner to require SSI applicants and recipients to permit SSA to obtain all financial records from any and all financial institutions. Refusal to provide an authorization may result in the individual's SSI ineligibility. Other changes would allow the Commissioner to obtain the information electronically rather than on paper as is done currently. This proposal will allow us to uncover undisclosed accounts and to efficiently get data from the financial institutions without SSA's and the banks' employees having to use the current, time-consuming, paper process. We believe that this provision has the potential to significantly reduce the amount of overpayments from undisclosed financial accounts.

Another proposal in both the President's Budget and Subcommittee bill would allow SSA to improve efforts to collect SSI overpayments by extending to SSI all of the debt collection authorities currently available for the collection of overpayments under the OASDI program. The overpayment recovery tools that would be ex-

tended to the SSI program under this proposal include reporting delinquent debt to credit bureaus, using private collection agencies, administrative offset, Federal salary offset, and interest charging or indexing. These additional tools will help us recover overpayments when our previous recovery attempts have been unsuccessful. This proposal helps address the problem of collecting overpayments from individuals who are no longer SSI or OASDI beneficiaries.

Two of the Administration's proposals are designed to strengthen program provisions that now allow individuals to qualify for the program by disposing of resources for less than fair market value, and by transferring assets to a trust. Actions such as these contravene a basic principle underlying the SSI program—namely that an individual with the means to provide for his or her own needs should use them for this purpose. Proposals on trusts and disposal of assets are also included in both the President's FY 2000 Budget and in the Subcommittee's bill. Although we believe this abuse occurs infrequently, enactment of these proposals will help strengthen the integrity of the program.

The Administration has also advanced a proposal that would authorize SSA to impose specified periods of ineligibility for SSI and OASDI benefits on any individual who knowingly provides us with false or misleading information in order to qualify for benefits. This proposal would provide a way to respond to situations where criminal or civil penalties may not be feasible, for example, when overpayment amounts are low or when the claimant has little or no resources to attach.

In addition, administrative sanctions will give SSA field office employees a tool that they can use to respond appropriately to individuals who knowingly furnish inaccurate or misleading information material to eligibility or payment amount. These sanctions will act as a disincentive for others who may mislead SSA in their attempt to claim benefits.

#### CONCLUSION

We thank the Subcommittee for including most of the Administration's proposals in its bill. I believe that the Administration and Congress can find common ground to enact meaningful legislation that will improve SSA's ability to administer the SSI program in a way that evokes increased congressional and public confidence in both the program and the agency.

I believe that by working together we can strengthen this vital program by adding overpayment collection tools and program sanctions, providing the authority for data matches for verifying SSI eligibility, and closing program loopholes that have been subject to abuse.

This concludes my testimony. We will be glad to answer any questions that the Subcommittee members may have. Thank you.

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Chairman JOHNSON of Connecticut. Thank you very much, Mr. Dyer. I am going to recognize Mr. English.

Mr. ENGLISH. Thank you, Madam Chair. Mr. Dyer, have you had an opportunity to review in advance the testimony of the GAO that they are presenting here today?

Mr. DYER. Yes, sir.

Mr. ENGLISH. I wonder if you could comment on one portion of Ms. Fagnoni's presentation and specifically:

We have noted that SSA's operations have been heavily influenced by an organizational culture or value system that places a greater value on quickly processing and paying claims than on controlling program costs. Our most recent work has confirmed the continued existence of an agency culture that views the SSI Program in much the same way as SSA's Old Age and Survivors Insurance and Disability Insurance Programs, where emphasis is placed on quickly processing claims for individuals with an earned right to benefits, rather than as a welfare program where stronger income and asset verification is necessary. SSA's organizational culture has been most evident in the low priority it has often placed on verifying recipients' initial and continuing eligibility for benefits, recovering SSI overpayments, and addressing program fraud and abuse.

How do you respond to that assessment?

Mr. DYER. I think we agree with GAO in that we need to have a better balance between payment of claims and program integrity. And I think as you can see with our plan, I should have brought some copies here to show you, we have laid out a very aggressive strategy that goes after overpayments, increasing debt collection, everything that the General Accounting Office has identified in their reports. Both our Inspector General and we have moved, I think, to a more even balance. That is the way we are proceeding.

Mr. ENGLISH. I find their testimony interesting. I find your comments on it somewhat reassuring. I wonder, on another point in the testimony, Marty Ford says that SSA has inadequate procedures for recording earned income by SSI recipients. Do you agree with that claim, and if so, is SSA currently taking adequate steps to improve income reporting?

Mr. DYER. Marty brought this to our attention a few weeks ago, and I think it is something that we need to look into. But I would like to set it in context, that we have about 16 million changes a year in the SSI files. And, you know, I am going to be the first to admit that we may have a few cases where we get behind and we don't get to things quickly.

The second thing is that we have been interested in how to help our SSI claimants and beneficiaries to better understand and be able to give us up-to-date information. I think it is an area we need to look into, do some piloting, do some checking, and work with Marty and other such groups.

Mr. ENGLISH. Well, again, I find your testimony to be interesting, and in some ways, reassuring, and may I add, working with some of your people on the local level, we have a very favorable impression of their professionalism. We do feel that more needs to be done to address the waste of fraud component.

Madam Chair, I would like to yield back the balance of my time.

Mr. DYER. Thank you.

Chairman JOHNSON of Connecticut. Thank you, Mr. English.

Mr. Cardin.

Mr. CARDIN. Thank you, Madam Chair. Mr. Dyer, I also appreciate your testimony, and I agree with all my comments and my colleague. But let me just give a word of caution in our anxiety to make sure we don't pay out any money that shouldn't be paid out. I can relate many situations of casework in my office, and I am sure that every congressional district in the country can tell you examples. But people are very desperate in need of SSI, and I don't want to see the rules not adhered to. I don't want to see people receiving payments who shouldn't be receiving payments. On the other hand, I want to make sure that people who need help can get that help as quickly as possible without too much bureaucracy interfering with their need to get that check.

So I do hope we strike a balance here. And, I think the Inspector General's report is important that we adhere and change the procedures. The bill that we have introduced will give you more tools to do that. But I also hope that you will, as I know you will, be mindful of the objective of this program and not put unnecessary roadblocks in the way of people to get the help that they need.

As you have commented in your statement about the Subcommittee bill, I am curious as to whether you have any objections to any

of the provisions that are in that bill or any changes that you would like to see? In prefacing this question, I would just like to acknowledge the help of your agency in our drafting of this legislation. I want to give you an opportunity if there are any changes that you would like to see made in this bill.

Mr. DYER. I think as you heard in my testimony, we are comfortable with the major provisions. The bill is still being drafted, and I am also cautious before I see the final draft. But at this point, we don't see any objection. We think you have covered most of the bases that we think are priority areas to cover.

Mr. CARDIN. Thank you. Thank you, Madam Chair.

Chairman JOHNSON of Connecticut. Mr. Lewis.

Mr. LEWIS of Kentucky. Thank you, Madam Chairman. Mr. Dyer, if our Subcommittee bill passes, there are going to be some penalties involved for those that did not disclose their SSI benefits while they were in prison. In the application form now, do you have specific questions about overpayment, past overpayments or past payments?

Mr. DYER. I don't know. I would have to get that for you for the record. I assume we do, but I can't give you the exact answer. That is something we may have to put in to make sure we capture this information if we get the bill passed through this Committee.

[The following was subsequently received:]

In the current application forms, there are no specific questions about prior applications or eligibility for SSI payments. However, all interviewers must currently obtain systems' records on all of the Social Security numbers that the claimant alleges. These records will show whether the claimant has previously filed for SSI or OASDI benefits and whether any overpayments exist.

The Subcommittee may also be interested to learn about a planned improvement to SSI records where overpayments from a prior record will automatically be brought forward to the new record. For example, if a beneficiary stops receiving SSI and has an unpaid debt, and he or she files again, this prior overpayment will automatically be posted to his or her new record for possible recovery. This new control system, which is scheduled to start this summer, will help us in identifying and recovering overpayments.

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Mr. LEWIS of Kentucky. OK, thank you. Thank you.

Chairman JOHNSON of Connecticut. Mr. Jefferson.

Mr. JEFFERSON. Thank you, Madam Chair. I subscribe to the comments that Ben Cardin made a few minutes ago about the emphasis on the purpose of the program. In that regard, I want to ask whether and what effort is made to distinguish between overpayments which are fraudulent and overpayments which are not, and whether you proceed in these cases differently?

Mr. DYER. Sir, we do. We realize that it is very complicated to the people who are in this program. It is not always that easy, that people start to work and they get a little extra money, and they just don't quite realize that they need to report. So within our regulations and authorities and the procedures we use, our employees are instructed to try to take a look at this as something that was a mistake, an honest mistake, versus really an outright commitment to defraud. For instance, it is clear that they had a bank account, they knew they had it, and they didn't tell us about it, ver-

sus they forgot that they had a small savings account that grandmother left them.

Mr. JEFFERSON. How, with respect to overpayments, can you quantify how much of it, if you will, is fraud and how much of it is a mistake?

Mr. DYER. Actually, we think there isn't all that much fraud in the overpayments. I mean, because if we did, we would be pursuing it. We think a lot of it has to do with mistakes. Inherently, in the program as I said in my testimony, overpayments will routinely occur.

Mr. JEFFERSON. Do you and the GAO disagree on that point?

Mr. DYER. I think we might differ in a very fine line there. But as I said in my testimony, the way the program works is that if somebody gets the check from us and then 2 or 3 days later they start to work, they technically are in an overpayment status. We pay them in advance for the month. So, we realize that there are a lot of overpayment dollars we are going to have to live with. The flip side is that we are asking for this authority here so when those folks fail to report to us they are working, we can catch it faster, intercept it, and correct the record.

Mr. JEFFERSON. Thank you, Madam Chair.

Chairman JOHNSON of Connecticut. Mr. Dyer, first of all, does the Social Security Administration support the proposal to allow Filipino veterans to receive benefits, and return to the Philippines?

Mr. DYER. We are still reviewing it. We have a couple of concerns. First of all, we need to discuss it with the Veterans Affairs Administration. The other thing is we looked at it. We did have a question about equity, if you look at other veterans and how it might play out. It looks like other veterans would end up with a little less money proportionately. So, we are in the process of reviewing and making an assessment.

As you know, the agency's policy has always been to not pay SSI to people outside the country, except under limited situations. On the other side, we realize that the Filipino veterans were extremely valuable to us in the war effort. They are great people, and we are going to take a fair and balanced look at this proposal.

Chairman JOHNSON of Connecticut. You do now currently only allow some servicemen, students, and what is the other category, to receive benefits abroad?

Mr. DYER. If it is a hardship, a short-term trip.

Chairman JOHNSON of Connecticut. And the Marianas too?

Mr. DYER. Yes.

Chairman JOHNSON of Connecticut. So, this would be an exception?

Mr. DYER. Yes.

Chairman JOHNSON of Connecticut. It is also, however, unique in that these individuals don't receive veterans benefits.

Mr. DYER. I think we just need to touch all the bases and then we will get back to you.

Chairman JOHNSON of Connecticut. Well, we will look forward to your input on that later. We are very sympathetic to this proposal, although it is not in our legislation at this time.

Mr. DYER. OK. Thank you.

Chairman JOHNSON of Connecticut. And then would you just enlarge or clarify your testimony with regard to redeterminations? You say that the President's budget increases the number of redeterminations of individuals and resources to 2.2 million for a total of a 22-percent increase. What percentage—over how many years will you redetermine eligibility of your population, the SSI population? If 22-percent increases is consistent?

Mr. DYER. We did about 1.8 million redeterminations in fiscal year 1998. At that time, when Commissioner Apfel came in, he said that we needed to do a better job in that area. So as part of the fiscal year 1999 proposal, he went in and asked for additional funds that got us up to about 2.2 million, if I recall.

Chairman JOHNSON of Connecticut. But that would mean you would be able to redetermine everyone in about 4 years?

[The following was subsequently received:]

We redetermine some individuals every year based on profiles that target high risk cases. Others are redetermined on a less frequent basis, but no one is seen less than once every 6 years. Our latest studies show we have more than an 8 to 1 return on these high risk cases, and no category of redetermination yields less than a 5 to 1 return on investment. We also see some of these individuals when we conduct continuing disability reviews. In Fiscal Year 1999 we plan to conduct more than 875,000 of these reviews.

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Chairman JOHNSON of Connecticut. It was also interesting that you expect to collect \$260 million in overpayments in the next 2 years.

Mr. DYER. The \$260 million refers to debt prevented, not collected.

Chairman JOHNSON of Connecticut. That is \$130 million a year. That is pretty formidable.

Mr. DYER. That is right. We have done a lot of studies and analyses with our quality assessment people. The data have shown us that with the way we are now profiling and targeting how we do the redeterminations, we should get those kinds of returns. We also will be monitoring very closely to see if we are getting the recoveries we have been projecting.

Chairman JOHNSON of Connecticut. Would you clarify your recovery rate on overpayments versus debt, which I assume is overpayments from the preceding years that were not collected?

Mr. DYER. The number the General Accounting Office uses is 15 percent. Fundamentally, if you look at it in simple terms, we have about \$3 billion of money owed to us that we have identified, and we are recovering about half a billion dollars of that a year. So, that gets you the 15 percent.

If you go off of the base of everything that is owed us, if you look at it compared to new debt that has occurred, it is another way to count it. I think the different way I think about it is that, of the new debt, if you are detecting \$1.3 billion, we are recovering over one-half billion, so we are doing relatively good in terms of trying to keep up with it. I think you have to look at the numbers differently too, in terms of how successful we are.

As I pointed out, when we did a study tracking recovery of overpayments from 1990 to now, we actually eventually recovered 60

percent of what was owed to us. The other thing that I think the General Accounting Office did when they analyzed our cases, is see how many people are not actually paying us. If you look at the amount of money that is owed us, about 60 percent of that debt is actually recovered. We have a recovery plan in place. We are collecting about 60 percent of those dollars. It is only 40 percent that we are not getting a handle on and recovering.

We would also like to do better. I think the most important thing is not to let debt occur and to intercept the payment before it becomes an overpayment. When you look at all the things we are doing, we think we are covering all fronts that are possible and available to us. If this Committee gives us the additional authority, we can even be more aggressive.

Chairman JOHNSON of Connecticut. So are you saying that then 34 percent of the 40 percent is really the problem?

Mr. DYER. I am saying that of the money that is owed to us, the \$3 billion, that it is out there.

Chairman JOHNSON of Connecticut. Just 40 percent of the debt that is uncollected?

Mr. DYER. No. Of the \$3 billion that is out there to be collected, we will collect about 60 percent. The recovery is just going to take us years.

Chairman JOHNSON of Connecticut. From a recovery plan. OK. One last thing. You have 6.5 million aged, blind, and disabled individuals of which 2 million are over 65 and almost 1 million are severely disabled children. Of the remaining 3½ million, what percentage would you say are working some portion of the time?

Mr. DYER. I will have to get you that for the record.

[The following was subsequently received:]

As of December 1998, approximately 8.5 percent of those receiving SSI aged 18 and older but under age 65 are working.

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Chairman JOHNSON of Connecticut. Well, I would be interested in that, because we have a much better approach to SSI recipients who want to work some of the time than we do to SSDI recipients who want to work some of the time. So I would be interested in any information you can give me on SSI recipients who are working, how many are working, 10 percent, 25 percent, 50 percent, 75 percent, of the time. Do they get health benefits? How do the health benefits trigger down as the earnings go up and that kind of information?

Mr. DYER. We will be glad to provide you what information we have.

[The following was subsequently received:]

In most States, individuals who receive SSI benefits are also eligible for Medicaid. A few States' Medicaid plans do not cover all SSI beneficiaries. When an SSI beneficiary goes to work, he or she can continue to get cash benefits until his or her countable earnings exceed certain limits. For example, an SSI beneficiary with no other income can earn up to \$1,085 a month and still continue to receive cash SSI benefits. (This "break-even" level is higher in States with federally administered State supplements.) As a technical point, individuals who earn between \$500-\$1,085 receive these "special" cash benefits under section 1619(a) of the Social Security Act, which is one of several work incentives in the SSI program.

Even though a disabled individual's earnings, or a combination of earnings and other income, may be too high to permit a regular or special cash benefit, Medicaid coverage is provided to the working individual under section 1619(b) of the Social Security Act, another SSI work incentive. Medicaid coverage under 1619(b) continues until the person medically recovers, no longer meets other SSI eligibility factors, no longer needs Medicaid in order to work, or generally has gross earnings in an amount to replace Medicaid and other benefits he or she would be eligible for if he or she were not working.

In December 1998, there were 326,475 SSI disabled beneficiaries working which represented 6.2 percent of the total SSI disabled caseload. The total SSI disabled caseload includes beneficiaries who are age 65 or older and who came on as disabled, as well as children under age 18.

Of the total SSI disabled count, there were 59,542 section 1619(b) participants who have special SSI recipient status for Medicaid purposes. Almost three-fourths (72.6 percent) of the SSI disabled beneficiary workers had amounts of earned income below \$500 per month.

SSA does not have data on the number of hours per month worked by working SSI beneficiaries, nor information on any other health benefits other than Medicaid that they may have because of SSI eligibility.

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Chairman JOHNSON of Connecticut. Thank you. Any other questions?

Thank you very much, Mr. Dyer, for your testimony. It is a pleasure to work with you.

Mr. DYER. It has been our pleasure.

Chairman JOHNSON of Connecticut. I would also mention to the Subcommittee for their review, the plan that Mr. Dyer referred to is in your materials, the bottom item, their plan for greater effectiveness in recovering overpayments, and also the GAO performance review that was issued just in 1999.

Let me call forward the panel. James Huse, Acting Inspector General of the Social Security Administration; Cynthia Fagnoni, the Director of Social Security Issues for the GAO; Marty Ford, the assistant director of governmental affairs of the Arc of the United States, on behalf of the Consortium for Citizens with Disabilities; and Eric Lachica, executive director of the American Coalition for Filipino Veterans.

You may proceed please.

**STATEMENT OF JAMES G. HUSE, JR., ACTING INSPECTOR  
GENERAL, SOCIAL SECURITY ADMINISTRATION**

Mr. HUSE. Thank you. Madam Chairman, and Members of the Subcommittee. Thank you for the opportunity to discuss the draft House resolution entitled SSI Fraud Prevention Act of 1999. You have been given the full text statement of my statement for the record.

Today, I would like to briefly discuss that statement and highlight a few key points. The SSI, Supplemental Security Income, Program, has proven to be an invaluable resource to those who need it most. However, over time, the program has grown significantly more difficult to administer and the complex web of SSI eligibility rules has created opportunities for fraud, waste and abuse. Even before the General Accounting Office added the SSI Program to the high-risk list, the Office of the Inspector General began working with the Social Security Administration and this Subcommittee to help reduce the program's exposure to fraud. To that

end, we have issued a number of audit, evaluation, and management advisory reports in the SSI area.

Several of our recommendations from these reports were adopted in SSA's comprehensive report, "Management of the Supplemental Security Income Program: Today and in the Future," which was issued last October. Other recommendations, however, require amendment of the Social Security Act for full implementation. Therefore, we are extremely pleased that this Subcommittee has expressed an interest in many of our SSI-related recommendations. I applaud the Subcommittee for developing the draft bill that addresses the problems associated with administering this program.

Our work has indicated that the SSI Program is susceptible to fraud from the following sources. Representative payees who improperly collect benefits on the records of individuals who are deceased, prisoners who improperly collect benefits, individuals who transfer valuable assets to become eligible for SSI benefits, individuals who provide false residency information, and third-party facilitators who commit fraud involving SSI eligibility determinations. Your draft bill proposes legislation that would combat these types of fraud, and therefore, we fully support the draft bill.

Before I close, I would like to emphasize two key issues that the Subcommittee should consider. These issues involve the administrative sanctions provisions that are in your draft. First, we believe administrative sanctions should apply to all Social Security and SSI benefits as opposed to strictly disability benefits.

Second, in light of the severity of the penalties imposed, the violations should be supported by the investigative process. This will provide SSA with a body of evidence to present at any subsequent administrative proceedings.

We would be happy to assist this Subcommittee in addressing these issues before the Chairman's markup to clarify these points. We want to ensure that this legislation strengthens the Subcommittee's fight against fraud, and provides both SSA and the OIG with the best possible means of fighting fraud in the SSI Program. Although our work has been successful in combating SSI fraud, there is still more work to do. We are committed to continuing our audit and investigative work at a national level to help SSA in its fight against fraud.

I would like to thank the Subcommittee for its continued interest in combating fraud, and for its support of the OIG. With this Subcommittee's support and with the passage of the Subcommittee's bill, I believe we can strike even harder at SSI-related fraud. Thank you.

[The prepared statement follows:]

**Statement of James G. Huse, Jr., Acting Inspector General, Social Security Administration**

Madame Chairman Johnson and members of the Subcommittee, thank you for the opportunity to discuss the draft House Resolution entitled SSI Fraud Prevention Act of 1999.

The Supplemental Security Income (SSI) program has proven to be an invaluable resource to those who need it most. However, over time, the program has grown significantly more difficult to administer, and the complex web of SSI eligibility rules has created opportunities for fraud, waste, and abuse. Even before the General Accounting Office (GAO) added the SSI program to the high-risk list, the Office of the Inspector General (OIG) began working with the Social Security Administration (SSA), GAO, and this Subcommittee to help reduce the program's exposure to fraud,

waste, and abuse. To that end, we have issued a number of audit, evaluation, and management advisory reports in the SSI area.

Several of our recommendations from these reports were adopted in SSA's comprehensive October 1998 report entitled Management of the Supplemental Security Income Program: Today and in the Future. Other recommendations, however, require amendment of the Social Security Act for full implementation. Therefore, we are extremely pleased that this Subcommittee has expressed an interest in many of our SSI-related recommendations. I applaud the Subcommittee for developing a draft Bill that addresses the problems associated with administering this program.

Our work has indicated that the SSI program is susceptible to fraud from the following sources: representative payees who improperly collect benefits on the records of individuals who are deceased, prisoners who improperly collect benefits, individuals who transfer valuable assets to become eligible for SSI benefits, individuals who provide false residency information, and third-party facilitators who commit fraud involving SSI eligibility determinations. I would like to briefly discuss each of these areas.

#### RECOVERY OF OVERPAYMENTS FROM REPRESENTATIVE PAYEES.

A recent OIG evaluation found that representative payees received about \$41 million in overpayments. These payments were made after the death of the beneficiary they were representing. Recovery of these overpayments, some of which were obtained fraudulently, continues to be a significant and ongoing problem for SSA. When we completed our evaluation, SSA had recovered or accounted for \$13 million, leaving \$28 million uncollected or unaccounted for. Based on the results of our evaluation, SSA agreed to consider legislation that would hold the overpaid representative payees primarily liable for overpayments made after a beneficiary's death. Your draft Bill accomplishes this important objective, and we support it as a means of combating this type of fraud, waste, and abuse.

#### RECOVERY OF OVERPAYMENTS FROM PRISONERS.

In most circumstances, the Social Security Act prohibits the payment of benefits to prisoners under the Old-Age, Survivors, and Disability Insurance and SSI programs. We conducted an audit to determine whether SSA was effective in collecting overpayments from prisoners who were subject to such nonpayment provisions. Our audit found that payments to prisoners were not always detected, and SSA had only limited success in recovering overpayments made to these prisoners.

SSA implemented a new system (Prisoner Update Processing System) to control alerts resulting from prisoner data matches. Under this System, alerts are transmitted to field offices electronically, and, if the case is still pending after 120 days, it is sent to the respective Regional Office for follow-up.

Your draft Bill would allow more aggressive pursuit of such overpayments. Therefore, we fully support the prisoner and fugitive collection provision set forth in the draft Bill.

#### TRANSFER OF VALUABLE ASSETS.

We conducted an audit to determine whether individuals were transferring assets to become eligible for SSI benefits. Our audit revealed that individuals were transferring assets within 3 years of applying for, or while receiving, benefits; (2) the value of assets transferred could have been a substantial resource for meeting beneficiary financial needs; and (3) assets were generally transferred to relatives, which kept the assets within the family. Our audit fully supports the need for legislative changes to prevent individuals from abusing the SSI program by disposing of valuable assets solely to receive SSI benefits.

#### FALSE RESIDENCY INFORMATION.

To receive SSI benefits, an individual must be a U.S. resident. SSA field office personnel were concerned that individuals were obtaining SSI benefits based on false statements regarding their residence. Because of this concern, we worked with SSA staff to conduct a series of residency verification projects. Our work resulted in the issuance of an informational report suggesting that individuals who provide false residency information on their initial applications for SSI benefits should be subject to criminal penalties and/or periods of ineligibility for SSI benefits.

Since SSI is a gateway program for Medicaid, Food Stamps, and other Federal and State assistance programs, the impact of individuals who are fraudulently receiving SSI benefits can be far-reaching. For that reason, we fully support the lan-

guage in the draft Bill, which would institute a period of ineligibility for those SSI applicants or beneficiaries who defraud the program.

#### THIRD-PARTY FRAUD.

OIG, SSA, and a State Disability Determination Service (DDS) formed a cooperative team to identify potential vulnerabilities in the disability determination process. In December 1997, this team conducted a Special Joint Vulnerability Review of an extended family in a small Georgia town. There were 181 members of this family, which spanned 4 generations, receiving SSI benefits. The same medical provider conducted the consultative examinations (CE) for many of these family members.

Based on the results of this joint review, recommendations were made to

- monitor and disclose questionable medical reports and disqualified CE providers,
- provide more information in medical reports relating to applicant performance on psychological tests to detect malingering,
- modify the SSI information systems display to alert subsequent users of potential fraud or abuse, and
- emphasize rotating CE providers.

Because the SSI program is especially vulnerable to disability fraud, we have created Cooperative Disability Investigative (CDI) units in five major cities. These units use the combined skills and knowledge of OIG Special Agents, State law enforcement authorities, and SSA professionals to identify and resolve disability fraud reported by front-line SSA employees at the application stage. These ongoing projects have illustrated the need to sanction third-party facilitators who engage in fraudulent activities as many of the allegations to date involve third-party facilitators, such as physicians, lawyers, interpreters, and other service providers.

Before I close, I would like to emphasize two key issues that the Subcommittee should consider. These issues involve the administrative sanctions provisions.

First, we believe administrative sanctions should apply to all Social Security and SSI benefits, as opposed to strictly disability benefits. Second, in light of the severity of the penalties imposed, the violations should be supported by the investigative process. This will provide SSA with a body of evidence to present at any subsequent administrative proceedings.

We would be happy to assist the Subcommittee in addressing these issues before the Chairman's mark-up to clarify these points. We want to ensure that this legislation strengthens the Subcommittee's fight against fraud, waste, and abuse and provides both SSA and the OIG with the best possible means for fighting fraud in the SSI program.

Although our work has been successful in combating SSI fraud, there is still more work to do. We are committed to continuing our audit and investigative work at a national level to help SSA in its fight against fraud.

I would like to thank the Subcommittee for its continued interest in combating fraud and for its support of the OIG. With this Subcommittee's support and with the passage of the Subcommittee's Bill, I believe SSA and the OIG can strike even harder at SSI-related fraud.

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Chairman JOHNSON of Connecticut. Thank you. We have actually rewritten the text to reflect those suggestions that you have just reiterated, and we look forward to your looking at the language of the new bill, and providing us with any comments you may have.

Mr. HUSE. I would be glad to do that. Thanks.

Chairman JOHNSON of Connecticut. Ms. Fagnoni.

#### STATEMENT OF CYNTHIA M. FAGNONI, DIRECTOR, INCOME SECURITY ISSUES, HEALTH, EDUCATION, AND HUMAN SERVICES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Ms. FAGNONI. Thank you. Good afternoon, Madam Chair, and Members of the Subcommittee. I am pleased to be here this afternoon to discuss the Social Security Administration's Supplemental Security Income Program.

Reports by the media and oversight agencies have highlighted SSI Program abuses and mismanagement, increases in SSI overpayments, and SSA's inability to adequately recover outstanding SSI debt. These issues have spurred congressional criticism of SSA's ability to effectively manage SSI workloads. As you know, in February 1997, we designated SSI a high-risk program because of its susceptibility to fraud, waste, and abuse, and insufficient management oversight of the program.

Today I will discuss the underlying causes of longstanding SSI problems, the progress SSA has made in improving SSI Program management and oversight, and the additional actions needed to ensure the financial integrity of this important program. Our work has shown that to a great extent, SSA's inability to address its most significant longstanding SSI Program weaknesses is attributable to two underlying causes, an organizational culture that places a greater priority on processing and paying claims than on controlling program expenditures, and a management approach characterized by SSA's reluctance to fulfill its policies, development, and planning roles in advance of major program crises.

As Mr. English mentioned earlier, regarding organizational culture, SSA has tended to view the SSI Program much the same way as its Social Security and DI Programs, where emphasis is placed on quickly processing claims for individuals who have an earned right to the benefits. But SSI is a welfare program where additional income and asset verifications are necessary. During fiscal year 1998, for example, current and former SSI recipients owed SSA more than \$3.3 billion, including \$1.2 billion in newly detected overpayments for the year. Based on prior experience, SSA is likely to collect less than 15 percent of the outstanding debt in a given year.

SSA's culture has contributed to the lack of priority placed on recovering payments once they are identified. This has been evidenced by SSA's traditional reluctance to use overpayment recovery tools currently available and aggressively pursue additional tools when warranted. Recently, SSA has taken a number of actions to improve the financial integrity of the SSI Program. For example, SSA is expanding its use of online data maintained by State DDSs to better verify recipient financial information and prevent program overpayments. SSA has also sought statutory authority, as you have heard, to use credit bureaus, private collection agencies, interest levies, and other ways to recover more SSI overpayments.

Regarding the second issue, policy development and planning, our work shows that SSA has been reluctant to use its research and policy development capabilities to assess the effects of demographic changes in the SSI population and legislative and court-mandated program changes. In addition, SSA has often hesitated in initiating changes in internal policy to address identified weaknesses or suggest changes in laws governing SSI. For example, in the congressional debate surrounding SSI eligibility for children, SSA did not develop and communicate timely information to the Congress on the effects of prior legislative and court-mandated changes.

SSA has acknowledged the need to play a more active policy development role, and is currently in the process of restructuring its

research and policy components to better address these concerns. In this regard, SSA has made conducting effective policy development, research, and program evaluation a key agency goal, and attention to the SSI Program is an important element of this goal. Additional staff and resources are being obtained by SSA's Office of Policy. Consequently, SSA should be better positioned to develop policy alternatives in the SSI Program.

SSA is also taking certain measures that it believes will strengthen the integrity of the SSI Program. SSA produced its first management report, as Mr. Dyer noted, in October 1998, which discusses the need to take aggressive action in four areas; Improving overall payment accuracy, increasing continuing disability reviews, combating program fraud, and improving debt collection. The management report established goals to measure the anticipated yearly impact of its planned initiatives in each of these areas. The agency now intends to begin planning how it will implement these goals in its day-to-day operations. Toward this end, each SSA component is defining its specific role in these initiatives.

To remove the SSI Program from our high-risk list, however, SSA must produce and use research information on the program, be more responsive in suggesting legislative changes, and improve program policies. The agency should also continue to search for ways to improve its payment controls and debt collection activities. Until additional progress is made in each of these areas, the SSI Program will maintain its high-risk designation.

Thank you. This completes my statement. I would be happy to answer any questions.

[The prepared statement follows:]

**Statement of Cynthia M. Fagnoni, Director, Income Security Issues, Health, Education, and Human Services Division, U.S. General Accounting Office**

Madam Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Social Security Administration's (SSA) Supplemental Security Income (SSI) program. SSI is the nation's largest cash assistance program for the poor. In fiscal year 1998, the program paid about 6.6 million low-income aged, blind, and disabled recipients a total of approximately \$27 billion. In that same year, current and former SSI recipients owed SSA more than \$3.3 billion in overpaid benefits, including \$1.2 billion in newly detected overpayments for the year. Since assuming responsibility for SSI in 1974, SSA has been significantly challenged in its efforts to serve the diverse needs of recipients while still protecting the financial health and integrity of the program. Our reports and those of oversight agencies have highlighted program abuses and mismanagement, increases in SSI overpayments, and SSA's inability to recover outstanding debt. These and other problems documented over the years have spurred congressional criticism of SSA's ability to effectively manage SSI workloads and have also served to reinforce public perceptions that SSA pays SSI benefits to too many people for too long. In February 1997, we designated SSI a high-risk program because of its susceptibility to fraud, waste, and abuse, and because of insufficient management oversight of the program. We also initiated a broad-based review of the program to determine the root causes of long-standing SSI problems and the actions necessary to address them.<sup>1</sup> Today I would like to discuss the findings of our review and the problem areas that currently pose the greatest risk to the SSI program. I would also like to discuss SSA's recent efforts to improve SSI program integrity and additional actions that should be taken.

In summary, our work shows that, to a great extent, SSA's inability to address long-standing SSI program problems is attributable to two underlying causes: (1) an organizational culture that places a greater priority on processing and paying claims

<sup>1</sup> *Supplemental Security Income: Action Needed on Long-Standing Problems Affecting Program Integrity* (GAO/HEHS-98-158, Sept. 14, 1998).

than on controlling program expenditures and (2) a management approach characterized by SSA's reluctance to fulfill its SSI policy development and planning role in advance of major program crises. As a result, SSA has continued to experience significant difficulties with regard to verifying recipients' initial and continuing eligibility for benefits, recovering SSI overpayments, combatting program fraud and abuse, and providing adequate program direction. Since SSI was designated high risk, SSA has taken a number of actions to improve the financial integrity of the program and revise its traditional approach to program management. However, several of SSA's initiatives are now in the early planning or implementation stages, or require the passage of new legislation before they can move forward. In other areas, SSA's actions have been insufficient. Thus, it is important that SSA sustain and expand its efforts to address problem areas and strike a balance between meeting the needs of SSI recipients and fiscal accountability for its programs.

#### BACKGROUND

SSI provides cash benefits to low-income aged, blind, or disabled people. Those who are applying for benefits on the basis of age must be at least 65 years old and financially eligible for benefits; those who are applying for disability benefits must qualify on the basis of financial and medical criteria. To qualify for benefits financially in fiscal year 1998, individuals could not have income greater than the maximum monthly SSI benefit of \$494 (\$741 for a couple) or have resources that exceeded \$2,000 (\$3,000 for a couple). To be qualified as disabled, applicants must be unable to engage in any substantial gainful activity because of an impairment expected to result in death or last at least 12 months.

The process SSA uses to determine an applicant's financial eligibility for SSI benefits involves an initial determination when someone first applies and periodic reviews to determine whether the recipient remains eligible. SSI recipients are required to report significant events that may affect their financial eligibility for benefits, including changes in income, resources, marital status, or living arrangements—such as incarceration or moving into a nursing home. To verify that the information provided by a recipient is accurate, SSA generally relies on matching data from other federal and state agencies, including Internal Revenue Service 1099 information, Department of Veterans Affairs benefits data, and state-maintained earnings and unemployment data. When staff find discrepancies between income and assets claimed by a recipient and the data from other agencies, they send notices to SSA field offices to investigate further.

To determine a person's medical qualifications for SSI as a disabled person, SSA must determine the individual's capacity to work as well as his or her financial eligibility. To determine whether an applicant's impairment qualifies him or her for benefits, SSA uses state Disability Determination Services (DDS) to make the initial assessment. Once a recipient begins receiving benefits, SSA is required to periodically conduct Continuing Disability Reviews (CDR) to determine whether a recipient's disabling condition has improved.

#### ORGANIZATIONAL CULTURE HAS PERPETUATED SEVERAL LONG-STANDING SSI PROBLEMS

To a significant extent, an agency's culture emanates from and is shaped by top management officials who are charged with establishing the priorities and performance goals that drive day-to-day program operations. Thus, over time, what is regularly emphasized, measured, and rewarded by agency management becomes ingrained in the immediate workload priorities of line managers and field staff. If agency priorities are not adequately balanced, serious program vulnerabilities may arise.

In work spanning more than a decade, we have noted that SSA's operations have been heavily influenced by an organizational culture or value system that places a greater value on quickly processing and paying claims than on controlling program costs. Our most recent work has confirmed the continued existence of an agency culture that views the SSI program in much the same way as SSA's Old Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs—where emphasis is placed on quickly processing claims for individuals with an earned right to benefits—rather than as a welfare program, where stronger income and asset verification is necessary. SSA's organizational culture has been most evident in the low priority it has often placed on verifying recipients' initial and continuing eligibility for benefits, recovering SSI overpayments, and addressing program fraud and abuse.

### *Verifying Recipient Eligibility*

In regard to verifying recipients' initial and continuing eligibility for benefits, our work has shown that SSA has relied heavily on recipients to self-report important eligibility information relating to their financial status and disabling condition. However, recipients do not always report required information when they should and may not report it at all. Although SSA has procedures in place to verify this information, they are often untimely and incomplete. Over the last several years, we have documented numerous examples of payments made to ineligible recipients as a result of SSA's inattention to the verification aspects of the SSI program, including millions of dollars in benefit payments to prisoners<sup>2</sup> and nursing home residents.<sup>3</sup> These erroneous payments occurred because incarcerations and nursing home admissions were not being reported as required, and SSA lacked timely and complete automated verification data. In the nursing home example alone, SSA has estimated that overpayments may exceed \$100 million annually.

SSA also continues to rely heavily on computer matching with other federal and state agencies to verify that recipient financial information is correct. However, these matches are not always the most effective means of verification, because information is often quite old and sometimes incomplete. For example, SSA's computer matches for earned income rely on data that are from 6 to 21 months old, allowing overpayments to accrue for this entire period before collection actions can begin. We have estimated that direct on-line connections (as opposed to computer matches) between SSA's computers and databases maintained by state agencies—welfare benefits, unemployment insurance, and worker's compensation benefits—could have prevented or quickly detected \$34 million in SSI overpayments in one 12-month period.<sup>4</sup> We also reported in March 1998 that newly available Office of Child Support Enforcement (OCSE) databases maintained by SSA could prevent or more quickly detect about \$380 million in annual SSI overpayments caused by unreported recipient income.<sup>5</sup> In addition, we concluded that opportunities existed for SSA to prevent almost \$270 million in overpayments by accessing more timely financial account information via a nationwide network that currently links all financial institutions. Such information would help ensure that individuals whose bank accounts would make them ineligible for SSI do not gain eligibility. Our September 1998 SSI report confirmed that SSI verification problems continue. In that report, we recommended that SSA enhance its ability to verify applicant and recipient eligibility information by accelerating efforts to identify more timely and complete financial verification sources.

SSA management has acknowledged that because of the rapidly rising workloads of prior years, the agency decided to emphasize and prioritize the expedient processing and payment of claims rather than delay final decisions by requiring more thorough verification steps. Recently, however, SSA has begun to take more decisive action to protect the financial integrity of the SSI program. For example, SSA has started a program to better identify recipients in jail who should no longer be receiving benefits and is expanding its use of on-line state data to obtain more real-time applicant and recipient information. In accordance with one of our recommendations, SSA also plans to give field offices on-line access to OCSE wage data, new-hire data, and unemployment insurance data by the Spring of 1999. Once implemented, this should allow field staff to better prevent SSI overpayments by identifying undisclosed earnings at application. In its fiscal year 1999 budget, SSA also requested an additional \$50 million to complete additional financial redeterminations of individuals who have been designated as having a high probability of being overpaid. Finally, in May 1998, SSA submitted a legislative proposal to the Congress seeking statutory authority to expand its eligibility verification tools, including the ability to more quickly obtain essential information from financial institutions, state databases, and federal and state prisons in order to determine an individual's eligibility for SSI benefits.<sup>6</sup> SSA's proposal also sought authority to use a new computer match with the Health Care Financing Administration to more quickly identify SSI recipients residing in nursing homes. If they become law, these and other provisions

<sup>2</sup> *Supplemental Security Income: SSA Efforts Fall Short in Correcting Erroneous Payments to Prisoners* (GAO/HEHS-96-152, Aug. 30, 1996).

<sup>3</sup> *Supplemental Security Income: Timely Data Could Prevent Millions in Overpayments to Nursing Home Residents* (GAO/HEHS-97-62, June 3, 1997).

<sup>4</sup> *Supplemental Security Income: Administrative and Program Savings Possible by Directly Accessing State Data* (GAO/HEHS-96-163, Aug. 29, 1996).

<sup>5</sup> *Supplemental Security Income: Opportunities Exist for Improving Payment Accuracy* (GAO/HEHS-98-75, Mar. 27, 1998).

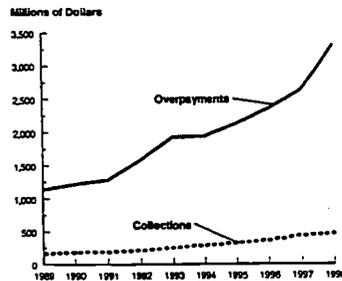
<sup>6</sup> This proposal is entitled the Supplemental Security Income Program Integrity Act of 1998 and was submitted to the Congress on May 4, 1998.

currently under consideration by the Congress have the potential to improve SSA's ability to better verify initial and continuing eligibility and deter SSI program overpayments.

#### *Recovering Overpayments*

In addition to problems associated with SSA's verification of SSI eligibility information, SSA has not always aggressively pursued the recovery of overpayments. Thus, over time SSA's recovery efforts have been outpaced by outstanding SSI debt, which is becoming an increasingly large portion of all debt owed to the agency. Between 1989 and 1998, outstanding SSI debt and annual overpayments more than doubled to about \$3.3 billion. Although overpayment recoveries also increased each year during this period, the gap between what is owed SSA and what is actually collected has continued to widen (see fig. 1).

**Figure 1. Gap Between SSI Overpayments and Recoveries Continues to Widen, Fiscal Years 1989-98**



Source: SSA's Office of Finance, Assessment, and Management.

As noted in our September 1998 report, to a great extent overpayment recoveries have remained low because of SSA's reluctance to use debt collection tools already available to it or seek statutory authority for more aggressive tools. We reported that SSA only began using tax refund offsets in 1998 to recover overpaid SSI benefits, despite having had the authority to do so since 1984. The tax refund offset represents one of the few tools available to SSA for recovering overpaid benefits from former recipients. In the first 4 months of 1998, SSA reported that it had collected more than \$23 million through this initiative. Waiting many years to move forward with this important recovery tool has likely cost the SSI program millions of dollars in collections. We also reported that, until recently, SSA had not pursued the authority to use more aggressive debt collection tools, such as the ability to administratively intercept other federal benefit payments recipients may receive, notify credit bureaus of an individual's indebtedness, use private collection agencies, and charge interest on outstanding debt.

Our work also identified another potential barrier to increased overpayment recoveries: the law that limits the amount SSA can recover each month from overpaid SSI recipients. Before 1984, SSA could withhold up to 100 percent of an overpaid individual's benefit amount. However, pursuant to the Deficit Reduction Act of 1984 (P.L. 98-369), SSA was limited to offsetting a maximum of 10 percent of a recipient's total monthly income. Thus, SSA lost the discretion to withhold larger amounts, even for individuals who willfully and continually fail to report essential information. Our September 1998 report recommended that SSA seek legislative authority to withhold larger amounts than the current 10-percent maximum from recipients who chronically and willfully abuse program reporting requirements.

Following a number of GAO briefings over the last year, and our April 1998 testimony before this Subcommittee in which we noted SSA's continued reluctance to pursue more aggressive debt collection tools, SSA submitted a legislative proposal to the Congress seeking statutory authority to use credit bureaus, private collection agencies, interest levies, and other tools to strengthen its collection efforts. To date, SSA has taken no action on our recommendation to withhold greater amounts for recipients who abuse reporting requirements. However, SSA did include a provision in its legislative proposal that would allow the agency to suspend for a period of

time the benefits of individuals who provide false information or withhold information that affects their eligibility.

#### *Addressing Fraud and Abuse*

Over the years, we have documented the SSI program's susceptibility to fraud and other abusive practices. For example, we have reported that "middlemen" were facilitating fraudulent SSI claims by providing translation services to non-English-speaking individuals applying for SSI.<sup>7</sup> We are also currently conducting a follow-up review of the activities of middlemen in the SSI program. In prior work, we also found that thousands of individuals had transferred ownership of resources such as cars, cash, houses, land, and other items valued at an estimated \$74 million to qualify for SSI benefits.<sup>8</sup> Although such transfers are legal under current law, using them to qualify for benefits has become an abusive practice that raises serious questions about SSA's ability to protect taxpayer dollars from waste and abuse. The Congressional Budget Office has estimated that more than \$20 million in additional savings could be realized through 2002 by implementing an asset transfer restriction.

The SSI program continues to be vulnerable to fraud and abuse. Although SSI represents less than 8 percent of total agency expenditures, when compared with SSA's other programs—OASI and DI—the SSI program accounted for about 37 percent of allegations received by SSA's fraud hotline and 24 percent of convictions obtained. However, SSA has begun to take more decisive action to address SSI fraud and abuse since the program was designated high risk. For example, the number of Office of Inspector General (OIG) investigators have been increased significantly, and combatting fraud and abuse was made a key goal of SSA's 1997 Agency Strategic Plan. SSA has also established national and regional anti-fraud committees to better identify, track, and investigate patterns of fraudulent activity. Several OIG "pilot" investigations are also under way that are aimed at detecting fraud and abuse earlier in the application process. In addition, SSA has established procedures to levy civil and monetary penalties against recipients and others who make false statements to obtain SSI benefits. Finally, in its May 1998 legislative proposal to the Congress, SSA included a provision aimed at preventing individuals from transferring assets in order to qualify for SSI.

It is too early to tell what immediate and long-term effects SSA's activities will have on detecting and preventing SSI fraud and abuse. However, we have noted that many years of inadequate attention to program integrity issues have fostered a strong skepticism among both headquarters and field staff about whether fraud detection and prevention is an agency priority. Many staff believe constant agency pressure to process more claims has impeded the thorough verification of claims and the development of fraud referrals. Staff also have expressed concern that SSA has not developed office work credit measures, rewards, and other incentives to encourage employees to devote more time to developing fraud cases—a process that often takes many hours. Our review of SSA's work credit system confirmed that adequate measures of the activities and time necessary to develop fraud referrals have not been developed. Nor has SSA developed a means of recording and rewarding staff for the time they spend developing fraud cases. As a result, many staff may be unwilling to devote significant time to more thorough claims verification because they fear production—that is, cases processed—will be negatively affected. Our report recommended that SSA reevaluate its field office work credit and incentive structure to encourage better verification of eligibility information and attention to fraud and abuse. SSA has initiated a review of its existing work measurement system with a specific focus on the kind of work that is counted and how time values are assigned to units of work. SSA expects to complete this review by mid-1999.

#### RECENT CHANGES IN MANAGEMENT APPROACH MAY IMPROVE PROGRAM DIRECTION

In addition to long-standing problems attributable to SSA's organizational culture, our work suggests that SSA's management of the SSI program has often led to untimely and flawed program policies and inadequate program direction. Proactive program management requires a willingness on the part of an agency to identify and decisively address problems before they reach crisis levels. Where internal operational remedies are insufficient to address a particular program weakness, the agency should then suggest and develop legislative proposals for change. Proactive

<sup>7</sup> *Supplemental Security Income: Disability Program Vulnerable to Applicant Fraud When Middlemen Are Used* (GAO/HEHS-95-116, Aug. 31, 1995).

<sup>8</sup> *Supplemental Security Income: Some Recipients Transfer Valuable Resources to Qualify for Benefits* (GAO/HEHS-96-79, Apr. 30, 1996).

management also requires a willingness to identify short- and long-term program priorities and goals and to develop a clearly defined plan for meeting those goals. In prior reports, we have noted that program direction and problem resolution at SSA have been hindered by SSA's continued reluctance to take a leadership role in SSI policy development before major program crises occur. We have also reported that program direction has been impaired by a strategic planning process that has not sufficiently focused on the specific needs of the SSI program and its recipients. However, recent actions taken by SSA show that the agency has begun to take a more proactive role in both SSI policy development and program planning.

#### *SSI Policy Development*

As the nation's SSI program expert, SSA is uniquely positioned to assess the program impacts of trends in the SSI population and initiate internal policy "fixes" to address problems. If internal revisions would not be effective, SSA is best qualified to identify areas where new legislation is needed and assist policymakers in exploring options for change. However, we concluded in our September 1998 report that SSA has not always been sufficiently aggressive in this regard. Our report also included numerous examples in which SSA did not take a leadership role in SSI policy development before major crises occurred. An example of SSA's approach was evident in the congressional debate surrounding SSI for children in which the Congress ultimately passed legislation limiting SSI childhood eligibility. SSA did not develop and communicate timely information to the Congress on the effects of prior legislative and court-mandated changes. Nor did SSA develop its own proposals for revising childhood eligibility policies, despite the fact that it had information that guidelines for determining the severity of childhood mental and physical impairments were difficult to interpret, unclear, and too subjective. At a much earlier time, this information could have been shared with the Congress for consideration in reassessing whether the SSI program was meeting the needs of the most severely disabled children.

SSA has acknowledged the need to play a more active policy development role and has restructured its research and policy development components to better address our concerns. In this regard, SSA has also made conducting effective policy development, research, and program evaluation a key agency goal. Additional staffing resources are also being obtained by the newly created Office of Policy. Consequently, SSA should ultimately be better positioned to develop policy options and proposals for the SSI program. As noted earlier, SSA also recently developed and submitted to the Congress its first major SSI legislative proposal aimed at improving program integrity by ensuring that only eligible individuals receive benefits. This proposal responds to many of our prior recommendations and, if enacted, has the potential to significantly improve SSA's ability to deter and recover SSI program overpayments.

#### *SSI Strategic Planning*

Our earlier work has also shown that SSI program direction has suffered as a result of SSA's failure to develop program-specific goals, priorities, and plans for addressing program weaknesses. The persistence of the long-standing problems discussed today demonstrates SSA's inability to focus on its most critical program challenges. To a significant degree, this may be due to SSA's strategic planning efforts, which generally involve agencywide goals and concerns with no programmatic focus. As required by the Government Performance and Results Act of 1993,<sup>9</sup> SSA issued its current agency strategic plan in September 1997. This plan outlines SSA's strategic goals and objectives for the next 5 years. SSA also recently published its fiscal year 1999 annual performance plan, which provides more detailed information on how SSA intends to achieve its goals and measure performance. In reviewing these plans, we found that SSA still had not adequately developed programmatic goals, initiatives, and performance measures to address the specific needs and problems of the SSI program. Thus, we recommended that SSA move forward in developing an SSI-focused plan with clearly defined goals and measures to gauge SSA's progress in addressing its SSI program challenges.

In response to our recommendation, SSA produced its first SSI management report in October 1998, which discusses the need to take aggressive action in four areas: improving overall payment accuracy, increasing continuing disability reviews, combatting program fraud, and improving debt collection. The management report established specific goals to measure the anticipated yearly impact of planned initia-

<sup>9</sup>The Results Act requires federal agencies to implement results-oriented management reforms, such as conducting strategic planning, establishing program goals and objectives, measuring progress in meeting those goals, and reporting publicly on that progress.

tives in each of these areas. In this report, SSA notes that a number of initiatives should achieve results in the near future, while others will take longer to produce significant impacts. The agency plans to closely monitor each initiative and make modifications when necessary to ensure that the best possible results are achieved.

#### CONCLUSIONS

Because the SSI program is essential to the financial health and well being of millions of low-income aged, blind, and disabled recipients, it is essential that the program is adequately protected from fraud, waste, and abuse. However, after more than 20 years of operation, the SSI program remains vulnerable and faces significant, long-standing challenges. To a large extent, the problems we have discussed today are attributable to an ingrained organizational culture that has historically placed a greater value on quickly processing and paying claims than on controlling program costs, and a management approach characterized by a reluctance to address SSI problems requiring long-term solutions and/or legislative changes. As a result, billions of dollars have been paid over the years to ineligible individuals and SSA has not always dealt proactively with its most pressing program problems.

SSA has acknowledged the important role of management in defining organizational priorities and the need to strike a better balance between serving the public and fiscal accountability for its programs. As noted, SSA has begun to take steps internally and in coordination with the Congress to address a number of SSI program vulnerabilities. This includes seeking out more timely and complete automated sources for verifying recipient eligibility information, stepping up its efforts to combat fraud and abuse, and working with the Congress to obtain legislative authority for additional debt collection tools. We believe that this combination of internal program solutions and legislative proposals for change is essential to improving program integrity.

All of the ongoing and proposed initiatives we have discussed have the potential to improve the integrity and financial health of the SSI program. However, many of the difficulties experienced by the SSI program are the result of more than 20 years of inattention to payment controls. Therefore, significantly revising SSA's underlying culture and management approach will require a concerted effort at the highest levels of the agency and a willingness by the Congress to provide SSA with needed legislative authorities.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you or other Members of the Subcommittee may have.

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Chairman JOHNSON of Connecticut. Thank you very much.  
Ms. Ford.

#### STATEMENT OF MARTY FORD, ASSISTANT DIRECTOR, GOVERNMENTAL AFFAIRS OFFICE, ARC OF THE UNITED STATES; AND COCHAIR, SOCIAL SECURITY TASK FORCE, CONSORTIUM FOR CITIZENS WITH DISABILITIES

Ms. FORD. Madam Chair, and Members of the Subcommittee, thank you for this opportunity to comment on issues under consideration. I am here in my capacity as a cochair of the Social Security Task Force of the Consortium for Citizens with Disabilities. We applaud your willingness to work in a bipartisan manner on these issues.

As you have heard, we want to caution that not all errors in the system are caused by people acting with fraudulent intent. Therefore, we believe that statutory provisions should be carefully crafted to ensure that they do not harm innocent people who are the intended beneficiaries of the program.

I think it is important to note that the disability community has been concerned about overpayments for quite some time, and in fact, a colleague reminded me yesterday that there is testimony in the Subcommittee going back at least as far as 1987, 1988, and

1990, dealing with some of these issues. It is to be expected that a certain level of overpayments and corrections will take place on a regular basis in the SSI Program given the retrospective accounting system. The disability community, however, struggles with the inability of SSA's reporting and recording systems to keep pace with fluctuating income of beneficiaries. As we understand it, there is no specific way in which SSA requires earned income reports to be made. You can make them in writing, by calling the 800 number, or by stopping in to report in an SSA field office. There is no particular form to file and no official record that the beneficiary can use in the future to prove that that report was made.

In addition, there appears to be no effective internal system for recording the income which beneficiaries report. To add to that, the program rules and formulas are so complex that when an individual reports and assumes they have done the right thing in terms of following the rules, they may not know that they are incurring an overpayment because they don't understand how the formulas work in relation to their income, anyway.

As a result of the system's insufficiencies and the tremendous impact it has on an individual to receive a notice of overpayment, the disability community often views the potential for overpayments as a distinct work disincentive. People with disabilities experience that numerous reports to SSA and their requests to adjust benefits often go unheeded by the administration. I am sorry, I can't offer you any data. We don't have the ability to collect that. But these issues are regularly occurring complaints from our memberships.

While there are some administrative improvements that could be made, we think it is critical to get some statutory changes also. We believe SSA should be required to make improvements in its reporting and recording systems so that beneficiaries are notified of overpayments in a timely manner. It is not uncommon to be notified years after an overpayment has occurred. A reasonable time period should be allowed for SSA to notify the beneficiary, and where there is no suggestion of fraud, if SSA does not meet that time limit, we believe that the overpayment should be waived.

We are pleased to see the inclusion of a study in section 17 of the bill, which would address the measures to improve processing of reported income changes by beneficiaries. Streamlining SSA's procedures could eliminate many overpayments, could reduce the administrative hassle involved, and certainly prevent the disastrous personal circumstances that arise when SSA withholds much needed funds. Given the view of overpayments discussed above, we have a slightly different perspective of some of the provisions in the bill and have offered some comments on those provisions to assist in avoiding harsh results or unintended results, and those are included in my testimony.

I would like to just touch briefly on a couple of the other issues in the bill. The first is the treatment of assets held in trust and preventing the disposal of resources for less than fair market value. We thank the Subcommittee for its work in incorporating the Medicaid transfer of asset and trust exceptions into the corresponding SSI provisions in the bill. We think that is quite important. We would also urge you to take a look at the penalty period for people

who have transferred assets and consider limiting that to no more than the old 2-year penalty. We applaud the inclusion of authority for the Commissioner to waive the bar in cases of undue hardship. We also urge that there be some way to coordinate between the Social Security Administration and the Health Care Financing Administration the penalty periods between SSI and Medicaid, so that there isn't double counting of the same amount of income.

And finally, just to highlight, we urge verification of computer matches. For instance, if someone has been in a nursing home and if the data does not indicate that they have been discharged, those things should be verified before action is taken.

Again, we thank you for this opportunity to address these proposals. We appreciate the work you have done to address our concerns to date, and we look forward to working with you on these and other issues as the bipartisan legislation moves forward. Thank you.

[The prepared statement follows:]

**Statement of Marty Ford, Assistant Director, Governmental Affairs Office, Arc of the United States; and Cochair, Social Security Task Force, Consortium for Citizens with Disabilities**

Chairwoman Johnson, Members of the Human Resources Subcommittee, thank you for this opportunity to comment on issues under consideration before the Subcommittee. We believe that there is much to be gained from an on-going dialog which allows different perspectives to be brought to the table in discussions of any potential changes to the Supplemental Security Income law which affects so many people in such vital areas as food, clothing, and shelter. We applaud your work in making this a bipartisan bill.

I am Marty Ford, Assistant Director of the Governmental Affairs Office of The Arc of the United States. I am here today in my capacity as a co-chair of the Social Security Task Force of the Consortium for Citizens with Disabilities.

The Consortium for Citizens with Disabilities is a working coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the 54 million children and adults with disabilities and their families living in the United States. The CCD Task Force on Social Security focuses on disability policy issues and concerns in the Supplemental Security Income program and the disability programs in the Old Age, Survivors, and Retirement programs.

The undersigned member organizations of the CCD Social Security Task Force appreciate this opportunity to comment on the bill that the Subcommittee is reviewing under the general goal of preventing fraud and abuse in the program.

The Consortium for Citizens with Disabilities Social Security Task Force believes that fraud in the Supplemental Security Income program and other programs should be weeded out. From the point of view of taxpayers and also from the point of view of people with severe disabilities who must rely on the SSI and OASDI programs, it is critical that precious funding not be wasted on fraudulent situations. However, we must caution that not all errors in the system are caused by people acting with fraudulent intent; therefore, statutory provisions should be carefully crafted to ensure that they do not harm innocent people who are the intended beneficiaries of the program.

Chairwoman Johnson and Members of the Subcommittee, we are appreciative that you have listened to our concerns and that certain proposals which were under consideration earlier last year are not contained in the draft legislation. We believe that your willingness to listen to concerns from the perspective of people with disabilities has contributed to a better understanding of the potential impact of those proposals.

We are in support of the overall goals of the draft bill. As noted, we believe that the integrity of the program must be protected and that only people who are actually eligible should be receiving benefits. Improvements should be made to the Social Security Administration's systems that strike a balance: to further the goal of improved integrity of the SSI program by fixing the system where there are inadequacies while attacking real fraud. Following are our recommendations for additions to certain provisions as well as some cautions regarding the potential impact of certain provisions on people with disabilities.

## OVERPAYMENTS

Before making some specific recommendations regarding overpayments and collection of overpayments, it is important to note that the disability community has also been concerned about overpayments for quite some time. However, we view the overpayment problem from a different point of view, seeing it as less a problem of fraud and more of a problem of inadequate reporting and recording systems in the SSA structure.

First, given the retrospective accounting that takes place in SSI, it is to be expected that a certain level of overpayments and corrections would take place on a regular basis. This is particularly true given SSI provisions (such as Sections 1619(a) and (b)) that encourage work often cause fluctuations in monthly benefits which must be reconciled after the fact with fluctuating monthly earnings.

The disability community struggles with the inability of SSA's reporting and recording systems to keep pace with the fluctuating income of beneficiaries. There is no specific way in which SSA requires earned income reports to be made; they can be made in writing, by calling the 800 number, or by stopping in to report at an SSA field office. There is no particular form to file and no official record for the beneficiary to use to prove the report was made. In addition, there appears to be no effective internal system for recording the income which beneficiaries report. Finally, the program rules and formulas are so complex that, when an individual reports income and there is no change in the benefit amount, the individual may not be aware that an overpayment is occurring. As a result of the system's inefficiencies and the impact on the individual of an unexpected overpayment, the disability community often views the potential for overpayments as a distinct work disincentive.

A nightmare that occurs often for people with disabilities is a notice from SSA stating the existence of an overpayment that amounts to thousands, if not tens of thousands, of dollars which accumulated over several years. Even for those people on SSI who are savvy enough to realize that an overpayment is occurring, it may be hard to fix. People with disabilities experience that numerous reports to SSA and requests to adjust benefits often go unheeded by the Administration. Yet, because they are on SSI, beneficiaries cannot "save" the excess for ultimate pay-back to SSA, without risking excess "resources" and loss of basic SSI eligibility. An additional nightmare can be the request from SSA to produce pay-stubs and receipts going back many years.

The CCD Task Force on Social Security has raised these issues with SSA and recognizes that SSA is operating under certain limitations, such as the fact that certain reports are only available to SSA on an annual basis. While there are some administrative improvements that SSA can make, we believe that it is critical to get some statutory changes to help alleviate the situation. SSA should be required to make improvements in its reporting and recording systems to ensure that beneficiaries are notified of overpayments in a timely manner. A reasonable time period should be allowed for SSA to notify the beneficiary and correct the overpayment; where there is no suggestion of fraud, overpayments which are not corrected and for which beneficiaries are not notified within the time limits should be waived.

We are pleased to see the inclusion of a study (Section 17 of the bill) which would address measures to improve processing of reported income changes by beneficiaries. In reviewing GAO reports, I have not found any discussion of what actually happens, or does not happen, to the earnings reports that beneficiaries make. We believe that this is where the real crux of the problem lies. Until systems inadequacies are minimized, it will be difficult to ferret out cases of true fraud. Streamlining SSA's procedures to ensure that the information is input and acted upon immediately could eliminate many overpayments (or substantially reduce the amount of overpayments), reduce the administrative hassle involved in overpayments for SSA and recipients, and prevent the disastrous personal circumstances that arise when SSA withholds much-needed funds.

Since the disability community views the majority of large overpayments as the result of SSA's administrative practices, our comments (below) on other overpayment issues reflect that perspective.

*Increased Collection of Certain SSI Overpayments*

We believe the 50 percent minimum for collection of overpayments from lump sum payments may be too high. Often, people awaiting receipt of their benefits go without and/or incur debts that need to be repaid (i.e., the landlord waits for the rent, the corner grocer extends a little more credit, the telephone company hasn't been paid and is about to terminate service). A lower minimum (such as 20 percent) with statutory language requiring SSA to consider these types of circumstances would help people in these difficult circumstances.

*Increased Collection of SSI Overpayments to Convicted Criminals*

We believe that, to protect people with mental retardation and mental illness who are or have been incarcerated and who may not fully understand the complex SSI rules, there needs to be a requirement that SSA specifically ask for information about past overpayments on the application and record the individual's answer. SSA should have an affirmative responsibility to inquire about the needed information and to assist people in understanding the request. In addition, we urge you to consider giving the Commissioner discretion to waive the penalty where the Commissioner finds that the individual's impairment itself is part of the reason for the individual's failure to properly report.

Further, we are concerned about the potential impact on a prisoner's family of the requirement for SSA to continue debt collection while the individual is incarcerated. The Commissioner appears to have some flexibility in the draft bill and we urge that such flexibility remain. Otherwise, we could imagine scenarios where SSA would be required to attach resources or assets that other family members are dependent upon, such as a home or car.

*Added Debt Collection Tools*

While we understand the need for SSA to have debt collection tools for those situations where a beneficiary has left the program, we urge that notice and an opportunity to contest the overpayment be given to the individual before the matter is turned over to a collection agency. Especially given the view that people with disabilities hold about SSA's role in how overpayments occur, it would be particularly harsh for people to discover an overpayment and action against them in the normal course of conducting their personal business, such as applying for a first mortgage or a car loan.

## OTHER ISSUES

*Treatment of Assets Held in Trust and Preventing the Disposal of Resources for Less Than Fair Market Value*

Many important public policy issues regarding the long-term planning often required for a young person with significant disability were taken into consideration in the work done in conjunction with passage of the OBRA 93 tightening of the Medicaid rules regarding transfers of assets and trusts. Chairwoman Johnson, we thank the Subcommittee for its work in incorporating those Medicaid transfer of asset and trust exceptions into the corresponding SSI provisions included in this bill.

Regarding the prohibition on transfers of assets, we believe that the penalty period formulation in the bill (time barred from benefits is related to the value of the transfer) should be limited to no more than the old two-year statutory bar. However, since even this two-year bar could be life-threatening for many people who are elderly or disabled, we applaud the inclusion of authority for the Commissioner to waive the bar in cases of undue hardship.

Further, if assets incur a penalty period in both SSI and Medicaid, there should be coordination of the penalty periods to prevent the same amount of funds from being "double-counted" as if the person could have covered his/her own SSI and Medicaid expenses with the same finite amount of money. We appreciate your consideration of this issue.

*Administrative Sanctions Process*

In the section addressing the sanctions for criminal conviction for fraud, we urge that the loss of benefits period for a beneficiary be made consistent with that for the attorneys' and physicians' first conviction (five years) rather than the ten years now included in the draft.

*Annual DDS Evaluation of Performance of Consultative Examiners*

We believe that one additional performance criteria should be included for evaluation of consultative examiners by SSA and the Disability Determination Service: evaluation of the performance of consultative examiners for the "completeness of exams" they perform. Too often, the exams are so cursory as to be meaningless, resulting in needless administrative waste.

*Computer Matches with Medicaid and Medicare Data*

While we recognize the need for better data matching, we believe that some protections need to be incorporated since data may not be accurate or up-to-date and, for instance, where some people may have very short stays in nursing homes, the

matched data may not reflect the more recent events, such as discharge. We urge that SSA be required to corroborate any information before it relies upon it in changing benefits.

*Referrals of Fraud to the OIG and Authority to Contract Out*

We believe that this provision should be limited to cases in which there is a strong suspicion that fraud is an issue. Good public policy would counsel against numerous private investigators, working on commission, disrupting the lives of innocent, law-abiding citizens.

*Treatment of SSI Income*

We urge the Subcommittee to consider a provision to bar counting SSI income for purposes of TANF income determination for other family members. Otherwise, families may be placed in a Catch-22 situation where SSI funds are intended to be dedicated to the needs of the individual, yet they are counted as income to the whole family.

*Evaluation of 18-year-olds*

Finally, we urge the Subcommittee to consider a provision to correct an application of the law which encourages 18-year-olds to leave school before completion of secondary-level education. Current law requires a redetermination of an 18-year-old's SSI eligibility under the adult standard. For those young people who are still in school, application of the work-based adult standard is inappropriate. We urge the Subcommittee to consider delaying the application of the adult standard until such time that the young person has completed secondary-level education.

Again, we thank you for the opportunity to address these proposals. We appreciate the work you have done to address our concerns to date and look forward to working with you on these and other issues as this bipartisan legislation moves forward.

ON BEHALF OF:

American Council of the Blind	National Association of Developmental Disabilities Councils
American Counseling Association	National Association of Protection and Advocacy Systems
American Foundation for the Blind	National Association of State Directors of Developmental Disability Services
American Network of Community Options and Resources	National Mental Health Association
Bazelon Center for Mental Health Law	National Parent Network on Disabilities
Children and Adults with Attention Deficit Disorders	NISH
International Association for Psychosocial Rehabilitation Services	Paralyzed Veterans of America
Inter/National Association of Business, Industry and Rehabilitation	Research Institute for Independent Living
National Alliance for the Mentally Ill	The Arc of the United States
	United Cerebral Palsy Associations, Inc.

Chairman JOHNSON of Connecticut. Thank you very much, Ms. Ford.

Mr. Lachica.

**STATEMENT OF ERIC LACHICA, EXECUTIVE DIRECTOR,  
AMERICAN COALITION FOR FILIPINO VETERANS, INC.**

Mr. LACHICA. Good afternoon, Madam Chairman, and Members of the Subcommittee. My name is Eric Lachica. I am the executive director of the American Coalition for Filipino Veterans, a nonprofit organization that advocates for the interest of Filipino-American World War II veterans. We are based here in Washington, DC. Our national coalition is composed of more than 45 organizations, and has 1,200 individual members. We are campaigning for recognition, justice, and equal treatment of our elderly Filipino veterans in America. I am also the son of a 78-year-old Filipino-American vet-

eran, who was honorably discharged in 1946 from the U.S. Armed Forces in the Far East. My father now lives in Bakersville, California.

Madam Chairman, with your permission, I would like to briefly introduce to the Subcommittee, the president of our coalition, Patrick Ganio, Sr., a veteran who fought in the battles of Bataan and Corregidor. He is also a recipient of the Purple Heart, and a former teacher who now lives in the District. Also, with us here today, are 12 feisty veterans. Could you stand up? Mr. Alisuag, a retired teacher, Mr. Caberto, and Mr. Rumingan, a disabled New Philippine Scout, are all from the Washington, DC area. They all fought for America's freedom as U.S. soldiers more than half a century ago. Today they are still fighting for recognition as American veterans.

We are here this afternoon to ask for your Committee's support for the bipartisan and humanitarian bill, the Filipino Veterans SSI Extension Act, introduced by Congressman Gilman and Congressman Filner. It would permit Filipino-American World War II veterans currently receiving SSI to continue to receive their SSI payments in the Philippines with a reduction in payments.

There are two compelling reasons for your Committee to support this bill. First, it would provide a humanitarian relief for an estimated 7,000 elderly, Filipino-American vets who are poor, lonely, and isolated in the United States, and are financially unable to petition their families to immigrate to the United States, and therefore, want to rejoin them in the Philippines. Second, it would save the American taxpayers millions of dollars annually in SSI, Medicaid, and food stamp payments.

Let us look at the supporting facts. Regrettably, since the 1946 Rescission Act was passed by Congress, the Department of Veterans Affairs has denied pension, medical coverage and burial benefits to Filipinos who are nonservice-connected veterans. During the past 2 years, our veterans have frequently demonstrated at the White House and on the steps of the Capitol to remind our President, Congress, and fellow Americans of the wartime pledges of President Harry Truman and General MacArthur.

I would like to quote President Truman in 1946. He said,

The Philippine Army veterans are nationals of the United States and will continue in that status until July 4, 1946. They fought under the American flag and under the direction of our military leaders. They fought with gallantry and courage under the most difficult conditions. I consider it a moral obligation of the United States to look after the welfare of the Filipino veterans.

The CBO, in a December 16, 1998 memorandum, estimated 17,000 veterans are naturalized under the 1990 Immigration Act, and became U.S. residents. If this bill is passed, we expect, however, the great majority of our veterans will choose to remain in the United States because of the disincentives of the reduction, the loss of Medicaid, as well as their newly established family ties in America. But for our desperate veterans who chose to return to the Philippines, this would mean the chance to be with their loved ones when they die.

H.R. 26 is fiscally appealing because no additional appropriations will be made. In fact, the CBO again estimated it will save \$30 million in direct budget savings over 4 years. According to our veteran

leaders, these desperate veterans would be willing to give up, sacrifice 25 percent of their monthly SSI, give up their Medicaid and their food stamps just so they can be with their families in the Philippines. In our judgment, the 25-percent reduction would be the most realistic and acceptable. Any further reduction would lead to a situation of diminishing returns.

Example. In April last year, we lost a member from Arlington, Virginia, Rosa Nanalig. She was 73 years old. She usually joined us at the demonstration at the White House. Ms. Nanalig was a former Filipino nurse's aide who fought in the war with the rank of third lieutenant and she saved a few U.S. soldiers' lives. In the last 2 years of her life, she lived on SSI and Medicaid, because she was quite ill from heart problems and a form of leukemia. She desperately wanted to go back to her husband and six grown children, which she could not have petitioned to join her here. She had to obtain regular transfusions at the Arlington Hospital. And she had to save what she could from her SSI. According to her landlord, when she realized that her end was near, she left for Manila. She died 3 months later with her family at her bedside. Her example vividly depicts the lonely life that faces a number of veterans.

Madam Chairman, Members of the Subcommittee, we urge you to be fair and compassionate to these honorable men and women. They are Americans too. They deserve to live with dignity with their loved ones in their few remaining years. I thank you for this great honor of testifying in this hearing.

[The prepared statement follows:]

**Statement of Eric Lachica, Executive Director, American Coalition for Filipino Veterans, Inc.**

Good afternoon, Madame Chairman and members of the committee.

My name is Eric Lachica, the executive director of the American Coalition for Filipino Veterans. Our nonprofit organization advocates for the interests of Filipino American WW II veterans and is based in Washington, D.C.

Our national coalition is composed of more than 45 organizations and has twelve hundred (1,200) individual members. We are campaigning for recognition, justice, and equal treatment of our elderly Filipino veterans in America.

I am also a son of a 78-year-old Filipino American veteran who was honorably discharged in 1946 from the U.S. Armed Forces in the Far East. My father now lives in Bakersfield, California.

Madame Chairman, with your permission, I would like to briefly introduce to the Committee, the president of our coalition, Mr. Patrick Ganio Sr., a veteran who fought in the battles of Bataan and Corregidor. He is a recipient of a Purple Heart, and a former teacher who lives in the District.

Also, with us here today are other feisty veteran leaders like, Mr. Alisuag, a retired teacher from Oxon Hill, Maryland, Mr. Caberto of Washington DC, and Mr. Rumingan of Arlington, Virginia, a disabled New Philippine Scout.

They all fought for America's freedom as U.S. soldiers more than half a century ago. Today, they are still fighting for recognition as American veterans.

During the 105th congress, we and our allies garnered 209 cosponsors for the "Filipino Veterans Equity" bill, nine votes shy of majority in the House.

We are here this afternoon to ask for your committee's support for the bipartisan and humanitarian bill, "The Filipino Veterans SSI Extension Act," H.R. 26 introduced on January 6, 1999 by Rep. Gilman and Rep. Filner. It would permit Filipino American WW II veterans currently receiving Supplemental Security Income to continue to receive their SSI monthly benefits in the Philippines with a reduction in payments.

There are two compelling reasons for your committee to support this bill

FIRST, It would provide a HUMANITARIAN RELIEF for an estimated 7,000 elderly Filipino American vets who are POOR, LONELY AND ISOLATED in the U.S. and are financially unable to petition their families to immigrate to the U.S.; and therefore, want to rejoin them in the Philippines,

SECOND, It would SAVE THE AMERICAN TAXPAYERS MILLIONS of dollars annually in SSI, Medicaid and Food Stamps payments.

Let us look at the supporting facts:

The eligible veterans covered by this bill are American citizens and U.S. residents by virtue of their well-documented and loyal military service in the U.S. Army more than fifty years ago. As a result, they were given the right to become American citizens during the period from 1990 until February 3, 1995.

Regrettably, since the "Rescission Act" was passed by Congress in 1946, the Department of Veterans Affairs has denied pension, medical coverage and burial benefits to our Filipino nonservice connected veterans.

During the past two years, our veteran leaders have frequently demonstrated at the White House and on the steps of the Capitol to remind our President, Congress, and fellow Americans of the wartime pledges of President Harry Truman and General Douglas MacArthur.

As an example, on February 20, 1946, President Truman, who objected to the "Rescission Act," said, and I quote,

"The Philippine Army veterans are nationals of the United States and will continue in that status until July 4, 1946. They fought under the American flag and under the direction of our military leaders. They fought with gallantry and courage under the most difficult conditions... They were commissioned by us. Their official organization, the army of the Philippine Commonwealth was taken into the Armed Forces of the United States on July 26, 1941. That order has never been revoked nor amended. I consider it a moral obligation of the United States to look after the welfare of the Filipino veterans."

In a December 16, 1998 memorandum, the Congressional Budget Office estimated 17,000 Filipino veterans were naturalized under the 1990 Immigration Act and became U.S. residents.

If this SSI bill is passed, we expect the GREAT MAJORITY OF OUR VETERANS TO REMAIN IN THE U.S. because of the DISINCENTIVES of the reduction, the loss of Medicaid, as well as their newly established family in America.

BUT, for our DESPERATE veterans who choose to return to the Philippines, this would mean the chance to be with their loved ones when they die.

H.R. 26 is fiscally appealing because most of these veterans are currently receiving SSI and no additional appropriations would be made. In fact, the *Congressional Budget Office* on Dec. 16, 1998 estimated that H.R. 4716 (the previous version of H.R. 26), which proposed a 25 PERCENT reduction of SSI benefits, would mean \$30 MILLION DIRECT BUDGET SAVINGS over four years (1999-2003).

The C.B.O. assumes that 7,000 Filipino AMERICAN veterans would choose to return to the Philippines.

As you know, the SSI program was created to assure a minimum DIGNIFIED level of income to aged, blind or disabled Americans of limited income and resources.

Under the SSI law, a recipient can only receive SSI benefits overseas if he or she is 1) a disabled student, or 2) a dependent of a US military personnel, or 3) a Northern Marianas Islands resident.

According to our veteran leaders, these desperate veterans would be willing to sacrifice 25 PERCENT of their monthly SSI, give up their Medicaid, and their Food Stamps, just so they can be with their families in the Philippines.

In our judgment, the 25 PERCENT reduction rate would be the most realistic and acceptable. Any further reductions would lead to a situation of diminishing returns.

From our community's perspective, this legislation would mean FINANCIAL SAVINGS. As an example: when a poor Filipino veteran dies in America, it costs our community an average of \$5,000 to ship his remains to the Philippines for burial.

With a conservative 2 PERCENT annual mortality rate or ONE poor veteran dying each day, it would cost us \$150,000 per month or nearly \$2 MILLION per year.

In April last year, we lost a member from Arlington Virginia, MS. ROSA NANALIG, age 73. She usually joined us at the demonstrations at The White House. Nanalig was a former nurse's aide who fought in the war with a rank of third lieutenant. And she SAVED a few U.S. soldiers' lives.

In the last two years of her life, she lived on SSI and Medicaid because she was quite ill from heart problems and a form of leukemia. She desperately wanted to go back home to her husband and six grown children. However, she could not. She had to obtain regular blood transfusions at the Arlington Hospital, and she had to saved what she could from her SSI.

According to her landlord, when she was realized that her end was near. She left for Manila. She died a three months later with her family at her bedside.

Her example vividly depicts the lonely life that faces a number of our vets.

Madame Chairman, and members of the committee, we urge you to be FAIR AND COMPASSIONATE to these honorable men and women. They are Americans too. They deserve to live with DIGNITY with their loved ones in their few years remaining. I thank you for this great honor of testifying in this hearing.

Madame Chairman, I will be glad to answer any questions.

#### **OUR ORGANIZATION RECEIVES NO FEDERAL GRANTS**

ACFV Support Organizations: Filipino War Veterans, Inc. (DC), American Legion Post, Alejo Santos (PA); Veterans of Foreign Wars, Douglas MacArthur Post (MD); Filipino Veterans Families Foundation (DC); United Filipino American Veterans (Los Angeles); Fil-Am Vets of Carson CA; Society of Guerrillas and Scouts (L.A.); Newly Arrived WWII Filipino Veterans (S.F.); U.S. Filipino WW II Veterans (San Jose); U.S. Filipino WW II Veterans (Seattle), U.S. Filipino WW II Veterans (Hawaii), Phil. Am. Veterans Organization, New Jersey & NY; Filipino Civil Rights Advocates; Sons & Daughters Assn. Filipino Veterans; Philippine Nurses Assn of America; Phil. American Bar Assn., Filipino Am Women's Network, Asian Am Voters Coalition; Phoenix Filipino Community; Phil. Am. Heritage Federation (DC) Natl. Federation Filipino American Assoc.; Natl. Filipino American Council; Fil. Am. Service Group (L.A.); S.F. Veterans Equity Center; and others.

#### **Questions & Answers:**

1) *Under this Act, how much will the Filipino American WWII veteran get if he/she returns to the Philippines?*

ANSWER: A maximum of \$379 dollars per month at the proposed 25% reduction proposed rate. See table, Exhibit 1.

2) *How will this be administered in Manila?*

ANSWER: The U.S. Social Security Administration has an adequately staffed office in Manila managed by the Veterans Affairs Dept.

3) *Will the SSI Extension Act make the Filipino veterans a special class?*

ANSWER: NO. Dependents of US military personnel and disabled students studying abroad are eligible to receive SSI payments. 46,000 residents of the Northern Marianas Islands are eligible too.

As a COMPARISON: According to the VA in Puerto Rico, the Puerto Rican WW II veterans who are poor and disabled are generously covered by the U.S. Department of Veterans Affairs "nonservice connected pension." It reaches a monthly maximum of \$722 for each veteran depending on their income level. 7,416 nonservice connected Puerto Rican WWII veterans received a total of \$3,088,250 for the month of November 1998.

4) *Will the veteran's spouse and children be eligible for SSI in the Philippines?*

ANSWER: NO.

5) *How would you compare the proposed SSI payments REDUCED by 25 percent and Medicaid benefits with the Veterans Department benefits?*

ANSWER: The reduced SSI payment would be \$343 less per month than the VA pension and \$126 less per month than the full SSI rate. The returning Filipino American veteran will not have Medicaid nor Food Stamps in the Philippines. See attached table, Exhibit 1.

## Exhibit No. 1. Comparison of SSI and VA Benefits with the Proposed "Filipino Veterans SSI Extension Act"

Supplemental Security Income for Individuals in U.S. or No. Marianas/dependent US MILITARY	U.S. Veterans Nonservice Connected Pension 1998 rate payable anywhere	PROPOSED H.R. 26 "Filipino Vet SSI Ext. Act" 25% Reduction
\$ 505 per month .....	\$722 per month .....	\$379 per. month
Medicaid & Food Stamps .....	VA Medical coverage .....	None
Additional SSI to Spouse & dependents.	Additional Pension to Spouse & dependents.	NONE
BUDGET SAVINGS—NONE ..	BUDGET SAVINGS—NONE	CBO Estimate SAVINGS—\$30 MILLION

By the American Coalition for Filipino Veterans, Inc. 2/3/99

Chairman JOHNSON of Connecticut. And we thank you for your eloquent testimony, Mr. Lachica, and we welcome the Filipino veterans who are with us today. I appreciate your having brought this to our attention. It is surely a terrible injustice.

I would like to just ask a question of the three of you. Mr. Huse, you mentioned the complexity of the rules, and Ms. Ford, you eloquently testified to the impact of that complexity on people's lives, that it is very hard in fact to know when you are in the moving end of status of overpayment. I thought it was particularly interesting that there is no simple and consistent way for people to report or inquire or keep track of that issue themselves.

And Ms. Fagnoni, you mentioned that the department has not used its resources to develop policy or to impact policy changes, to develop policy proposals and to implement them to the degree that you think they should have. This does seem to me like a very obvious area that you need to look at. Complexity really does deny people equity at a certain point. And people then end up accused of fraud, when actually they were trying to comply. And I think particularly when people are on disability benefits, they have enough difficulty in their lives without our support program posing other difficulties and threats to them.

It is my understanding that we have asked the SSA to study this issue and to report back to us on how these procedures can be changed, you know, how the system may be changed. It may take legal changes to make the regulations simpler, but I think we really need to address this. When we get that report back, Ms. Ford, we will look forward to your view of it and your input into it.

There are just so many instances in which complexity really literally creates a situation where people are accused of fraud. We see this in Medicare, we see this with the IRS. It is really a common pattern as we have let our laws and regulations become ever more complex. So I hope you will work on this and maybe use Ms. Ford as a source of examples of problems that need to be attacked. Because certainly, the agency ought to have the ability to move particularly with today's technology toward a more effective way of relating to recipients and beneficiaries to see that they do know and can communicate with the agency in a way that is good for everybody.

Mr. Cardin.

Mr. CARDIN. Mr. Huse, you point out in your statement a pretty extreme case where 181 members of a family or four generations had qualified for SSI benefits, received SSI benefits. What intrigued me about that is that you indicated that it was the same medical provider who conducted most of the consultative examinations. My question is, have you noticed whether we have taken action against physicians who have routinely been in cases that are suspect on qualifications for SSI?

Mr. HUSE. Our experience with this type of work is really 3 years old, since independence, we are only an agency that has been in the field for 3 years. This was one of the first big cases that the Office of the Inspector General was confronted with when we came into existence. To answer your question, we have improved our ability in terms of our investigative work to try and see these patterns where consultative examinations, anybody in this category of third-party facilitators commits what appears to us to be fraudulent activity, would be then brought to appropriate criminal justice resolutions. But it is something that takes a very comprehensive investigation.

In the case of this particular study, much of this issue of whether there was or was not criminality involved was very confusing and complex, very difficult for the U.S. Attorney's Office, and the State concerned to deal with it also. However, on our investigative side, and on the agency's side, we are improving our ability to be able to take on physicians, and in another context, the legal community that provide this type of underpinning to these frauds.

Mr. CARDIN. And, of course, the legislation that we are working on tries to give some additional help there. We certainly are concerned about individuals who are wrongfully receiving payments. But when there are professionals out there who are aiding and abetting this type of activity, I would hope that would be a high priority. So the information you supply there could be very helpful.

Mr. HUSE. One of our key new projects, in partnership with SSA, is the deployment of what we call cooperative disability investigative teams. These are teams made up of SSA, OIG/OI agency, State DDS professionals as well as local law enforcement entities who knock away from these benefits those who are fraudulently trying to obtain them. At the same time, we are gathering intelligence about physicians who are providing boilerplate evidence or perhaps some other type of third-party facilitators that are trying to subvert this complex area.

Mr. CARDIN. Ms. Fagnoni, in your statement you talk about the 10-percent cap of overpayment that can be collected from an individual as a problem on SSA's ability to recover for overpayments. And then you indicate that there should be some relaxation of that for recipients who chronically and willfully abuse program reporting requirements. My reading of the current law is that you already have the ability to do that, that the 10-percent cap does not apply in cases of fraud, willful misrepresentation, or concealment of material information. Am I wrong, or is there something more that you were trying to bring out to the Subcommittee's attention here?

Ms. FAGNONI. Well, I think we were trying to make the recommendation that in the DI Program right now, SSA has more

flexibility to go above the 10-percent limit, and we think as with other tools that SSA should have more flexibility to go above that 10-percent limit. That one way to target it would be to those who were more chronically abusing the system.

Mr. CARDIN. Well, do you have specific changes that you would like to make to fraud, willful misrepresentation or concealment of material information which is recurrent?

Ms. FAGNONI. Well, I think that we wanted to be a little bit broader to give SSA a little bit of flexibility if they wanted to target certain people that they felt they wanted to go over that 10-percent limit, but might not make that current strict definition, that they would have the flexibility where other people have the resources to collect above that 10 percent.

Mr. CARDIN. Well, it seems to me that the language where they can currently go is broader than recipients who chronically and willfully abuse the program reporting requirements, but maybe we can talk about that a little bit later. I am curious, how many programs that are on the high-risk fraud have been identified by the GAO?

Ms. FAGNONI. Right now, we have 26, not just programs, 26 either programs, agencies or areas that we have identified as high risk.

Mr. CARDIN. And if SSA continues their internal improvements, if the bill that we are suggesting is enacted and implemented by SSA, what is the prospect that they could get off this list?

Ms. FAGNONI. Well, agencies and programs do get off our list. Since we began the high-risk list in 1990, six programs or agencies have been. We have taken them off the list for different reasons where we saw sustained improvement in management, in particular. So, there is the opportunity—

Mr. CARDIN. There is hope.

Ms. FAGNONI [continuing]. In the program to get off. Right.

Mr. CARDIN. Good. Glad to hear that. I just wanted to let SSA know that there is hope that we can succeed here. That is always encouraging.

Ms. Ford, there is part of the statement, that you have in your written statement. It intrigues me because I don't understand why the current law requires an automatic redetermination of SSI when a youngster reaches 18 years of age and is still in high school. Age eligibility for SSI continues. That is not a problem. Redeterminations should be done, but why trigger a redetermination when the child is still in high school? And you point out that it may even discourage the individual who is staying in high school.

Ms. FORD. Correct. That was one of the changes made in the 1996 welfare law as part of the change in the childhood SSI eligibility. And what we are concerned about is that an 18-year-old may still be in school, particularly a child who might be in special education or some other program. And because we are dealing with a family which is by definition low income, to remove the SSI income may force the child out of school early and into the work force, when perhaps staying in school and being supported through that would be better for the individual in the long run.

Mr. CARDIN. If the automatic redeterminations were required for a child on SSI when either the child over 18 left high school or reached 21, would that take care of most of your concerns?

Ms. FORD. It would take care of our concern regarding this issue. Yes, I think if we could put the redetermination on hold, the application of the adult standard on hold while the child is in school, that would be a very important step to take.

Mr. CARDIN. Thank you. Thank you, Madam Chair.

Chairman JOHNSON of Connecticut. Mr. Lewis.

Mr. LEWIS of Kentucky. Yes, Mr. Huse, you have mentioned in your testimony that asset transfers—can you tell me what type of asset transfers, what they are and what they are worth?

Mr. HUSE. They are relatively easy to describe. It would be cash, residences, financial assets such as life insurance policies, trusts, bonds, notes, that type of thing. Not anything too sophisticated.

Mr. LEWIS of Kentucky. And do you have any total of what—

Mr. HUSE. No, I don't have any totals. In those instances where we get a case like that, of course, we investigate, but we don't have any broad guess.

Mr. LEWIS of Kentucky. OK.

Mr. HUSE. Broad estimate.

Mr. LEWIS of Kentucky. This Subcommittee has been really good from stopping checks from going to prisoners. What type of advice would you have for us with fugitive felons and stopping the checks from going to those individuals?

Mr. HUSE. Well, sir, as you know in the Welfare Reform Act of 1996, if I can use the short version, the long title is a little wordy, it does provide for the fact that anyone who is a fugitive from justice, from prosecution, those who are violating probation and parole in a felony area, are not entitled to, if they have, the SSI benefit. We have addressed this particular obligation with SSA, and we have a very comprehensive plan that we are now working on. We have amassed some success with it already. If I could just take 1 second to explain exactly what the universe is here.

The FBI tells us from their National Crime Information Center statistics that we have about 700,000 felony warrants recorded at the Federal Government level every year. We don't even know what the number would be if we tried to amass that total State by State. But of that 700,000, we estimate that about 3.5 percent of that number would be individuals collecting SSI. That gives us a very challenging task then as an agency, and as the OIG, to ensure that of the 3.5 percent, the warrants that deem those people as fugitives are valid, which those of you familiar with our criminal justice system know that that requires a little bit of an investigation since these are not always timely. We have to be sure that the warrant is still in effect. And then from there we have a comprehensive process of suspending those benefits after we identify the fugitive.

By way of numbers, I think I can say that we believe, looking at the next 2 budget years, that we could possibly save around \$95 million in benefit payments from this particular process. We expect that we will at least identify 24,000 or so of these suspensions a year after we conduct this investigation, and certainly, at least 5,000-plus of those felonies will actually be people who are re-

turned and arrested by local, State, county and Federal law enforcement. So, it is a really vigorous program of ours.

Mr. LEWIS of Kentucky. Right. Thank you. Ms. Fagnoni, you mentioned organizational culture, could you explain that a little bit?

Ms. FAGNONI. What we are really talking about there is that historically SSA was an agency that for decades dealt with the Social Security and Disability Insurance Programs, where people earned the right to those benefits and were entitled to those benefits. And when they were eligible to receive those benefits, particularly in the case of Social Security, it is a fairly straightforward determination if they've kept their records correct.

With the SSI Program coming under SSA's purview in the early seventies, that's a different kind of program, being a means-tested program. With that comes added requirements to look at income verification and to keep track of that and to continue to look at income eligibility. It is that area that SSA really historically has not put an adequate focus on relative to the emphasis on as quickly as possible getting checks out to people.

And what we've been emphasizing is that SSA needs to maintain and strike a better balance between those two. Clearly, getting the checks out are important, but they have to make sure it's the right amount of money to the right people.

Chairman JOHNSON of Connecticut. Mr. Jefferson.

Mr. JEFFERSON. Thank you.

Mr. Lachica, I want to just thank you for your testimony. I don't have a question for you, but it's a very rare opportunity that this Subcommittee and the government gets a chance to do the right thing and save money at the same time. In that regards, your testimony is extremely eloquent and timely, and I thank you for it. And I hope this Subcommittee will take you up on the opportunity you've given us.

Mr. LACHICA. Thank you.

Mr. JEFFERSON. I want to follow with a line of questioning that was pursued by Phil English before he left, he's not here anymore, and the most recent inquirer on this issue of high risk. What do you mean by that really? Is there some objective criteria or standards that are used to determine when a program is high risk as essentially used here?

Ms. FAGNONI. We designated SSI as high risk because of its vulnerability to fraud and abuse, as well as what we have found as longstanding management inattention. The objective measure of that we used was the level of overpayments in the SSI Program, particularly relative to the size of the benefits being paid out, and the fact that overpayments had been increasing over time, and that historically SSA has not been able to recover much of those overpayments.

So that's really in general why we put programs, agencies, and areas on the high-risk list, is concerns about vulnerability. But specifically for SSI, it was the concern about not only vulnerabilities, but also the lack of management oversight historically.

Mr. JEFFERSON. There is some concern about—some testimony about the increase in payments which because of an increasing population that is asking for them, requiring them, and the fact

that not all the payments come out to fraud anyhow. And I am just trying to see if you have a whole lot of overpayments and they aren't fraudulent, you can't conclude that they are vulnerable to fraud if they aren't fraudulent payments in the first place.

Ms. FAGNONI. Well, as I said, it's not just vulnerabilities to fraud and abuse, but also lack of management attention. Overpayments can result from a number of different reasons, one of which would be fraud. But others might have to do with people not knowing what the rules are adequately, SSA is not being active and proactive enough in quickly checking income and resources of people to prevent people from going into an overpayment status. So, it's a combination of reasons that have to do both with management as well as more abusive type practices that make the program integrity a question and things need to be tightened.

Mr. JEFFERSON. I ask you these questions because I was concerned about the line in your testimony that Phil read that talks about the culture of the system placing a greater value, is the word used in your testimony, on quickly processing and paying claims and on controlling costs. Well, now, I can't believe you mean that there shouldn't be a greater value on paying, on timely paying claims and processing claims. I can understand if you say there ought to be adequate attention paid to controlling costs. But you don't mean these ought to be equal missions of the—

Ms. FAGNONI. We do believe SSA needs to strike a better balance between quickly processing payments and making sure that the payments that are processing are the correct payments to the correct people. And in our work, we continually strive to look for ways that SSA can use tools and tap into databases that will allow it to quickly verify income, for example, so that it can both verify and protect the program while, at the same time, quickly processing people's claims.

Mr. JEFFERSON. I was going to ask you for some specific ways that you see that this can be accomplished without compromising the issue of quickly processing claims, because as our Chairlady points out, you talk about people are themselves extremely vulnerable. You don't want to have a high set of bureaucratic rules that make it difficult for people to get payments on the idea that you have to be precise in every case about how it works out, particularly if you have some other measures and standards to correct the errors if they are made.

Do you have some specifics on how the agency ought to be doing its work so that it can strike this balance better, as you describe it?

Ms. FAGNONI. Well, some of the legislative tools and proposals that are being considered by this Subcommittee, many of which we have highlighted and recommended in our reports would be one way. As I said, we continually look for ways that SSA could tap into online, get online access to information. For example, online access to some new databases that will get SSA information on new hires and those sorts of information, where they could quickly check people's income online, so they can do the verification while not slowing down the claims processing.

So in trying to strike a better balance, the goal is for SSA to seek ways to quickly and efficiently ensure that it's making the correct

payments. It's a combination of better legislative tools, as well as some of the online access and quicker access to different kinds of information to be able to verify the income information.

Mr. JEFFERSON. My time is up. I thank you, Madam Chair. I have other questions I could ask. Thank you.

Chairman JOHNSON of Connecticut. Thank you, Mr. Jefferson.

Mr. Foley.

Mr. FOLEY. Thank you very much. I am empathetic to the people who work in the Social Security offices. I have visited many times and watched the stress that they work under in trying to approve applications. But in watching some of the flow of people coming through, clearly in Florida, my State of representation, we have a great deal of stress in both dealing with the illegal population that's there and the new law that was passed denying benefits after a date certain.

I wondered if either could answer how do we come to grips with this arbitrary date, when we set it August 26, 1996? How do we, in fact, determine whether the people may be potentially illegal and that they entered prior to or after that date, since we have no way of determining when they may have arrived to begin with? Has that been fleshed out as far as a procedure from the Social Security Administration?

Mr. HUSE. Are you speaking in terms of residency, sir?

Mr. FOLEY. Residency for entitlement to benefits under the act, whether it's SSI or any other benefits of a public nature.

Mr. HUSE. I may need some help here from my legal staff, but I believe the act is specific that it doesn't look back. It just goes forward from August 1996.

Mr. FOLEY. Right. I guess my problem is we set that date and, now thinking about it, anyone coming to the SSI office to make a claim will say I've been here 7 years. I mean, how do we actually determine the date of entry to begin with?

Mr. HUSE. From whatever documentation that they can provide. I am probably not the best person to answer the question as to what the claims processing might be. But again, this is where there is some potential for fraud if the documentation is counterfeited, which is a huge national issue anyway. But other than that, I don't know the answer to your question.

Mr. FOLEY. Another issue is—and I've noticed this in several cases that I've helped to process for people with significant physical impairment—they seem to struggle to get access to the needed assistance from the system. And then when there are complaints and reported complaints about people who are, in fact, taking advantage of disability benefits—that they are physically able but receiving benefits—how do we go back and check that fraud and abuse provisions from the General Accounting Office? Have you seen in place systems and procedures in order to flush out complaints that are lodged against potential abusers of this system?

Ms. FAGNONI. Well, SSA has the continuing disability reviews that would look at an individual's disability status, and, if there's something that sort of got through initially, they could doublecheck the circumstances under which the person was deemed eligible for disability benefits. That's one example. They also do redetermina-

tions where they, of course, have to check for the income eligibility piece of it.

But as you've heard from the IG in terms of really trying to target and go after people who may be abusers, it can be a fairly labor-intensive effort to really ferret out who's doing the abusing.

Mr. FOLEY. Well, and that seems to be a bigger problem, because it's labor intensive. But we don't seem to target the fraud with enough of the emphasis to get after the fraud. And so ultimately, we penalize those with significant disabilities because they can't make a claim, because everybody is suspicious of their claim. So we somewhat disadvantage people who have real material physical impairments by making them go through all of these various trials and tribulations. But then we make a copout by saying, no, we simply don't have the resources in order to ferret out the fraud. That seems to be the quickest response.

I am not targeting that negativity at you, but it seems to be one of our quickest responses. We will, we can find out about food stamp fraud, so let's not pursue it. We will just add another 10 percent to the equation and hopefully—yes, sir?

Mr. HUSE. If I might, sir, to answer that question. We are trying some new things. We have two really wonderful tools now that we didn't have 3 years ago. One is our fraud hotline, which is the largest hotline in government. We have 54 operators who take calls all day. And this is a place where a lot of anecdotal, early warning information about people's perception of fraud comes to us. And we're able to digest that as an agency, as the OIG, and work along with the administrative sanctions perhaps that's in this new legislation to really do some good.

Second, these new cooperative disability investigative teams that we have will actually work on the front end of these before enrollment, before these people are actually put on the rolls, to knock away people who are trying to cheat the system. So, we've really tried to find that solution to your question.

Mr. FOLEY. Would you be willing to submit that to us?

Mr. HUSE. Absolutely. I would be glad to provide you a lot of detail about that.

[The following was subsequently received:]

The first is our expanded Fraud Hotline, which is currently the largest in Government. Our Hotline started with a staff of 9 operators in 1995 and now has a staff of 54 operators who answer our 800-number telephone and process other incoming fraud allegations that are sent to OIG via fax or mail. Our Hotline provides a valuable service to our investigative operations by managing the large number of incoming allegations and filtering these allegations to the appropriate OIG field offices, SSA components, or other Government organizations that can take appropriate action.

The second are our cooperative disability investigations (CDI) teams. The CDI teams, composed of staff from OIG, SSA, State Disability Determination Services and local law enforcement agencies, focus on *preventing ineligible applicants from getting on the rolls*. In FY 1998 the teams received 518 allegations and confirmed 53 cases of fraud. They documented \$41,508 in restitution and scheduled recoveries to SSA as a result of suspended benefits and \$2,855,250 in SSA program savings. The results of the first quarter of FY 1999 are even more promising since the teams have received 292 allegations, confirmed 48 cases of fraud, and documented \$59,615 in scheduled recoveries and restitution and \$3,948,506 in savings to SSA.

These CDI teams also enrich our investigative process by providing additional intelligence on third party facilitators. As fraudulent applications are denied as a result of the efforts of these teams, our investigators are provided information that helps to identify patterns of criminal activity and to identify doctors, lawyers, inter-

preters, and other service providers who facilitate and promote disability fraud. A narrow focus on these third party facilitators can have a significant deterrent effect.

Mr. FOLEY. Right. Thank you.

Chairman JOHNSON of Connecticut. Thank you.

Mr. McInnis.

Mr. McINNIS. Thank you Madam Chairwoman. Ms. Fagnoni, is that the correct pronunciation?

Ms. FAGNONI. Fagnoni.

Mr. McINNIS. Fagnoni. OK, I too reference the statement on the organizational culture, but, contrary to my respected colleague, I think it's absolutely of equal value to me, because if the system, much like a bank, if a bank does not take the time to verify the withdrawals on account, even if the person pulling out the money owns the account, if they don't take time to verify, the bank would not be in business very long.

The integrity of this system is absolutely imperative for the people that need the money out of this system. And for us to say, Well, it's more important that we rush the money out the door, that's not what my colleague said, but some would say it's more important to rush it out the door in an organizational culture based on values than have accounting.

So I just want you to know there are some of us who feel very strongly that this integrity of the system is important. Standing out like a bear in a cave to me is a statement that you made later, at least in your written comments, that you reported the SSA only began using tax refund offsets in 1998. For 14 years, 14 years they had this tool available, and they didn't use it.

My question would be would you supply to my office or do you have information available of any other tools or systems you have recommended on this report or previous reports or subsequent reports to this, and then could you let me know if those are, in fact, if they are in place. I don't know whether that exists, but they missed it here.

Ms. FAGNONI. We can do that.

[The information is being retained in the Committee files.]

Ms. FAGNONI. Although I will say that a number of the tools that both SSA put forth in its legislative proposals last spring as well as what's before the Subcommittee now address a number of the areas that we have either highlighted or recommended in previous reports. So, to some extent, we could say SSA is playing catchup on some of these, including that tax refund offset.

Mr. McINNIS. And that information would be helpful too.

Mr. Huse.

Mr. HUSE. Yes.

Mr. McINNIS. Mr. Huse, if you have a fraud—I was interested in your hotline, the fraud hotline. Do you have available your statistics on exactly how many cases of fraud were filed, actually filed last year and how many convictions resulted from those case filing?

Mr. HUSE. I do. As I said earlier, we're 3 years old, and in our first year of existence we took 802 fraud calls over our hotline at the time. To give you an idea—

Mr. MCINNIS. Well, let me do this because we're going to be limited on time. Would you supply the material for me? I would like to review it, but not just based on the hotline. I would like to know how many cases of fraud through your system, not just the hotline, but other cases have been filed, what the prosecution rate is, and what the conviction rate is. I would like to put that in proportion to the amount of money that is going out of this, which you believe is going out of the system through fraud or overpayment. If you could provide some of that information for me so that I could look at that, I think that would be very helpful.

Mr. HUSE. You want any of that now?

Mr. MCINNIS. No, I am afraid.

Mr. HUSE. Separate. OK, sure.

Mr. MCINNIS. I don't want to take the time, and because I need—

[The following was subsequently received:]

*Q. How many cases of fraud (were processed) through your system, not just the Hotline, but other cases have been filed?*

The total number of allegations received by our office in FY 1998 was 29,218. In FY 1998, we opened 6,291 criminal investigations.

*Q. What is the prosecution rate?*

In FY 1998, our agents presented 2,224 cases to the Office of the United States Attorney. Of those, 1,420 or 63.8 percent were accepted for prosecution. The U.S. Attorneys declined to prosecute 724 cases mainly because the dollar amount of the fraud did not meet a minimum threshold. The remaining 80 cases are still under review by federal prosecutors.

*Q. What is the conviction rate?*

In FY 1998, we reported 2,762 criminal convictions. This number includes the number of illegal aliens and fugitives apprehended as a result of our investigations. Those convicted solely for violations that related more closely to SSA program fraud totaled 1,027.

*Q. What is the total amount of money going out of the system through fraud or overpayment?*

The statistics that we have relate to the *actual investigations* we conduct. In FY 1998, our agents reported over \$61.6 million in restitution, fines, recoveries, and program savings as a result of their investigations. This figure represents money from SSA's programs. Those we investigated also defrauded other Government programs, businesses, and credit card companies of more than \$32.5 million. Together, those figures equal over \$94 million for FY 1998.

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Chairman JOHNSON of Connecticut. I think it is important for the rest of the Subcommittee if you could give us just a brief summary. But I think a larger question that Mr. McInnis asks also needs to be answered. But I think if you could very briefly, in a couple of sentences, just give us a sense of your success or failure in this area.

Mr. HUSE. Just to give you an idea of our success, we're up now to where we took in 29,214 allegations last year. We had 2,762 criminal convictions last year. We opened 6,291 full criminal investigations and closed 5,448. And that's with an investigative staff of 253 special agents, so I think we're really out there and effective.

Mr. MCINNIS. And let me finally, let me ask you. In your investigative process are you under pressure from management to follow

the organizational culture that may have been adopted that places a greater value on quickly processing paying the claims and controlling program costs?

Mr. HUSE. No. But we serve a criminal investigative function in a social insurance agency, so we know that there are a tremendous number of people who are in need of these benefits. So we keep that in front of us. But we're there to root out the fraud.

Mr. MCINNIS. Thank you, Madam Chairman.

Chairman JOHNSON of Connecticut. I just want to pursue a couple of things. First of all, you say in your testimony, Mr. Huse, that representative payees received \$41 million in overpayments, payments made after the death of the beneficiary. And you only recovered \$13 million of those. Now, it does seem to me that in that specific instance, where you have a representative payee, and you've paid them and you have the death certificate and everything that it might, it ought to be fairly easy to collect those overpayments. So \$13 million of \$41 million, leaving \$28 million uncollected doesn't seem terrific.

Mr. HUSE. It is a significant number. I am probably not the person to speak to the policy. We do report what's extant with the policy. I believe there's a needed legislative remedy for that.

Chairman JOHNSON of Connecticut. Well, in the bill, we do hold the representative payee accountable.

Mr. HUSE. Exactly.

Chairman JOHNSON of Connecticut. And we also I think provide you with better ability to cross check death records.

Mr. HUSE. Correct. But we need to hold representative payees—

Chairman JOHNSON of Connecticut. This is not really such a rocket science here, yes.

Mr. HUSE [continuing]. Representative payees accountable themselves, and that's—there's been some difficulty in doing that because obviously these people, in a sense, provide a service for those who can't manage their own affairs.

Chairman JOHNSON of Connecticut. Right. Well, that's why since they are deemed to be responsible entities by the government, it seems to me we ought to be able to collect more than \$13 million out of \$41 million from them.

Mr. HUSE. We agree with those sentiments.

Chairman JOHNSON of Connecticut. So, we certainly will be looking to see some improvement in that area.

Also, I do want to ask you, do beneficiaries receive a notice of overpayment? And are they given, if they respond promptly, and the overpayment is clearly not motivated by an intent to defraud the government, a timeframe that says if you respond promptly, there will be no penalty?

Mr. HUSE. Correct. You mean, before the OIG comes after them?

Chairman JOHNSON of Connecticut. Right.

Mr. HUSE. Of course.

Chairman JOHNSON of Connecticut. I mean, is it the policy of the department that if you notify someone of overpayment and they respond promptly that there's no penalty?

Mr. HUSE. I am not sure what you mean by a penalty, but I know that there's certainly no—

Chairman JOHNSON of Connecticut. I really should have asked that.

Mr. HUSE. Jeopardy from law enforcement or prosecution.

Chairman JOHNSON of Connecticut. Ms. Ford, would you have any comment on that?

Ms. FORD. Well, I am not sure of the exact answer to that, but I do know that the letters are very confusing.

Chairman JOHNSON of Connecticut. I think we need to look at this because frankly, in fairness, people ought to receive a notification. And if they respond promptly and there was no intent to defraud, at least my experience as Chairman of Oversight was that a lot of the problems with the IRS were really rather minor. Had they been attended to promptly and had the agency been able to sort of waive penalties, that this would have been the right thing to do, and a mark of good administration rather than of fraud and abuse. So you mentioned that in your testimony, and we would like to look at that with you in more depth.

Mr. HUSE. There is some considerable emphasis on the part of the agency to improve the notices themselves so that they are in plainer English and easier to understand which would help.

Chairman JOHNSON of Connecticut. I would say that we've made tremendous progress on that issue in the IRS, and I would hope you really would work on that. We'd like to say when you do do a letter, we would very much like to see the old letter and the new letter so that we have some sense of how you are communicating with the public, because it is really, truly appalling that the government can't communicate more directly and simply.

Yes, Ms. Ford.

Ms. FORD. Could I add that it might be helpful if we didn't see overpayments as wrong. An overpayment, as was described earlier by Mr. Dyer, I believe, occurs if you receive SSI today, and you begin working tomorrow, you're in overpayment status beginning tomorrow. It's not wrong, and in fact the SSI Program encourages people to go to work and to attempt to work and get off the system.

It's just that a benefit adjustment has to be made 2 to 3 months down the road. And it's this issue of making that adjustment, when the earnings report is made, that becomes the big issue for people with disabilities.

Chairman JOHNSON of Connecticut. I think it is important to describe these things accurately. And I think we ought to look at this problem and make sure that in talking about it between ourselves and the beneficiary, who clearly knows that there will be a benefit adjustment that we look at that, and I'd like to look at that soon enough to be able to see if there's any need for statutory changes. I do think we ought to differentiate between benefit adjustments and fraud. And so if we can look at that more closely, I would appreciate it. And also, we certainly are interested in your comments about the 18-year-old redetermination. And we'll look at that, but then more in the future.

If there are no further questions? I thank the panel for your testimony, and it was very thoughtful and very useful to us. And we will look forward to working with all of you.

Thank you.

[Whereupon, at 4:45 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

**Statement of Hon. Tom Campbell, a Representative in Congress from the State of California**

Honorable Chairwoman Nancy Johnson, Members of the House Human Resources Subcommittee, it is an honor to join my colleagues, and co-sponsors again in expressing support of legislation that is very important to me: The Filipino Veterans Equity Act.

We must pass the Filipino Veterans Equity Act, it's an important means of preserving our national honor by recognizing the contribution of the thousands of brave Filipinos who served in the United States Armed Forces during World War II. These American allies are split into two critical groups: Commonwealth Army Veterans (CAVS) who are former members of the Philippine Commonwealth Army with service in the U.S. Armed Forces during the War, and Special Philippine Scouts who enlisted in the U.S. Armed Forces between 1945 and 1947 to assist in occupation duty in the Pacific theater of the war. According to the Department of Veterans Affairs (VA), approximately 100,000 Commonwealth Army veterans and Special Scouts survive today.

Soon after the Second World War broke out, President Franklin Delano Roosevelt issued an Executive Order drafting the soldiers of the Philippine Commonwealth Army to serve in the United States Armed Forces. These freedom fighters served with great distinction and honor under the American flag in the hard-fought but lost battles of Bataan and Corregidor against incredible odds. Alongside their American comrades, thousands of Filipino soldiers valiantly gave their lives in battle and as prisoners of war during the more than three years of brutal occupation of the Philippine Islands by the Imperial Japanese Army.

After the liberation of the Philippine Islands by U.S. Armed Forces, dedicated Filipino personnel continued their service to America. Special Philippine Scouts enlisted in the U.S. Armed Forces between 1945 and 1947 to assist in occupation duty throughout the Pacific, an important contribution to the restoration of order and democracy in this region.

Despite their distinguished record of brave service during and after World War Two, and despite the assurances of our government to the contrary, the 79th Congress in 1946 voted to deny full veterans benefits to Filipino personnel serving in the U.S. Armed Forces. Over fifty years have passed, and Congressional correction of this injustice is long over-due.

The Filipino Veterans Equity Act would rightly entitle Commonwealth Army Veterans and Special Scouts to full veterans benefits, including the National Service Life Insurance program, medical care through all Veterans' Administration facilities, including the Veterans Memorial Medical Center in Manila in the Philippines, and veterans' compensation. Survivors would be eligible for full dependency and indemnity compensation (DIC) benefits. Currently, compensation and DIC paid to Commonwealth Army Veterans, Special Scouts, and survivors are half the rate paid to veterans and survivors in the United States.

The bravery, honor, and distinguished service of the Filipino men and women who served during and after World War Two must be recognized. I urge all of my colleagues to cosponsor this important legislation. We should pass the Filipino Veterans Equity Act promptly; it is not too late to restore our honor as a nation in this small but significant way. Thank you so much for your kind attention today.

*U.S. Congressman Tom Campbell is a Republican representing the San Jose area and a member of the Banking and International Relations Committees.*

**Statement of Gerald R. Tarutis, National Alliance for the Mentally Ill,  
Arlington, Virginia**

Chairwoman Johnson, Representative Cardin and members of the Human Resources Subcommittee, I am Gerald R. Tarutis of Seattle, Washington. In addition to serving on the Board of the National Alliance for the Mentally Ill (NAMI), I am also an attorney in private practice. I am pleased to have the opportunity to share NAMI's views on the SSI Fraud Prevention Act of 1999. NAMI believes that there is much to be gained from an on-going dialog that allows different perspectives to be brought to the table in discussions of any potential changes to the laws and regulations governing the Supplemental Security Income (SSI) program.

In over 25 years of practicing law, I have represented many clients with severe disabilities who have been claimants for Social Security cash benefits. While some of my clients' cases before Social Security were dealt with in a fair and straightforward manner, many others found the experience of endless appeals, examinations and bureaucratic delays frustrating and in many cases, humiliating. This is especially true for adults with severe mental illnesses and other disabilities that are not readily apparent to the staff of Social Security Administration (SSA) field offices.

Too many adults with severe mental illnesses find their dealings with the SSA on matters ranging from appeals for denial of eligibility, to reporting wages, to seeking a straight answer regarding an alleged overpayment to be intimidating. Beyond the laudable goal of preventing fraud in the SSI program, NAMI also believes that this Subcommittee should closely examine ways that SSA could improve its performance as a customer service agency, from simplifying its correspondence with beneficiaries to upgrading its retrospective wage reporting systems.

SSI is a means-tested income supplement program intended to help people with severe disabilities who meet specific income and assets tests. The federal government provides a base amount of income that states are allowed to supplement. In nearly every state, eligibility for Medicaid is tied to the receipt of SSI cash benefits. The federal government's eligibility standards for disability for the SSI program are among the toughest in the world—total disability based upon an inability to work at any job in the national economy. For adults with serious brain disorders—including schizophrenia, manic-depression, major depression and severe anxiety disorders—SSI serves as a critical federal safety-net program that is essential to meeting the most basic needs for food, clothing and shelter.

At the outset, I would like to make clear that NAMI is very concerned about the impact of fraud and abuse on both the SSI and SSDI programs. Improper overpayments, manipulation of existing benefit standards and lax oversight of the eligibility rules are issues that the NAMI membership believes both Congress and SSA should pay more attention to. NAMI is troubled by reports from agencies such as the General Accounting Office and the Office of Inspector General at SSA that fraud continues to occur in both the SSI and SSDI programs.

Because so many people with the most severe and disabling mental illnesses rely on SSI and SSDI for basic support to live in the community, NAMI believes that every effort should be made to ensure that cash benefits go only to those who meet the program's rules governing eligibility and benefits. Fraud and abuse in these programs only serves to undermine the integrity of SSI and SSDI and thereby endanger the future of a critical piece of the safety net for the most vulnerable people in our society. From NAMI's perspective both as taxpayers, and as people with severe disabilities who must rely on the SSI and OASDI programs, it is critical that precious funding not be wasted on fraud or abuse. NAMI applauds the Subcommittee's efforts both to root out existing fraud and abuse and to change the law to prevent such fraud and abuse in the future.

However, NAMI would also like to urge members of the Subcommittee to measure both these proposals as well as all future fraud and abuse prevention efforts against a standard of how they target documented patterns of fraud and abuse. Proposals that are unrelated to fraud and abuse should, in turn, be left for future reform efforts for SSI and SSDI. More importantly, NAMI urges the Committee to be careful to ensure that policy changes do not unfairly target beneficiaries who legitimately receive benefits and rely on these programs for basic needs. Again, NAMI would like to caution that not all errors in the system are caused by people acting with fraudulent intent; therefore, statutory provisions should be carefully crafted to ensure that they do not harm innocent people who are the intended beneficiaries of the program.

NAMI would like to respond to a number of provisions in a draft of the SSI Fraud Prevention Act of 1999 that were made available to us by the Subcommittee last week.

## OVERPAYMENTS TO BENEFICIARIES AND RECOVERY OF OVERPAYMENTS BY SSA

Before making some specific recommendations regarding overpayments and collection of overpayments, we would like to note that NAMI and many of our colleague organizations in the disability community have been concerned about overpayments for quite some time. However, we view the overpayment problem from a different point of view, seeing it as less a problem of fraud and more of a problem of inadequate reporting and recording systems in the SSA structure.

First, given the retrospective accounting that takes place in SSI, it is to be expected that a certain number of overpayments and corrections would take place on a regular basis. This is particularly true given SSI provisions (such as Sections 1619(a) and (b)) that encourage work often cause fluctuations in monthly benefits that must be reconciled after the fact with fluctuating monthly earnings.

Adults with severe mental illnesses struggle with the inability of SSA's reporting and recording systems to keep pace with the fluctuating income of beneficiaries. There is no specific way in which SSA requires earned-income reports to be made. They can be made in writing, by calling the 800 number, or by stopping in to report at an SSA field office. There is no particular form to file and no official record for the beneficiary to use to prove the report was made. In addition, there appears to be no effective internal system for recording the income that beneficiaries report. Finally, as I note above, the program rules and formulas are so complex that when an individual reports income and there is no change in the benefit amount, the individual may not be aware that an overpayment is occurring. As a result of the system's inefficiencies and the consequences to the individual of an unexpected overpayment, NAMI views the potential for overpayments as a strong disincentive to employment for many consumers.

In my personal experience, beneficiaries will report monthly earnings on or about the first month when they are paid. At best, this information will be processed by SSA some 2 or 4 months later. This means that earnings from, say January of a given year will result in a reduction in benefits the following May. At this point in time, an individual with a severe episodic mental illness, e.g. schizophrenia, may not be employed and will likely not have sufficient income to survive. Additionally, even with timely and accurate reporting, many of my clients continue to receive SSI or SSDI checks for months to years after finding full-time work. Unbelievably, mailing or returning the checks does not cure the problem, payments continue to be made. Even the most strong willed and honest find themselves tempted to spend this money when faced with the types of economic crises that are all too often experienced by adults with severe disabilities.

A nightmare that occurs often for adults with severe mental illnesses is when they receive a notice from SSA stating the existence of an overpayment that amounts to thousands, if not tens of thousands, of dollars that accumulated over several years. Even for those people on SSI who are savvy enough to realize that an overpayment is occurring, it may be hard to fix. Perhaps the biggest problem is that reports to SSA and requests to adjust benefits often go unheeded by SSA. Yet, because they are on SSI, beneficiaries cannot "save" the excess for ultimate pay-back to SSA without risking excess "resources" and loss of basic SSI eligibility. An additional nightmare can be the request from SSA to produce pay-stubs and receipts going back many years.

NAMI and a number of colleague organizations in the disability community have raised these issues with SSA. We recognize that SSA is operating under certain limitations, such as the fact that certain reports are only available to SSA on an annual basis. While there are some administrative improvements that SSA can make, we believe that it is critical to make some statutory changes to help solve the problem. SSA should be required to make improvements in its reporting and recording systems to ensure that beneficiaries are notified of overpayments in a timely manner. A reasonable time period should be allowed for SSA to notify the beneficiary and correct the overpayment. Where there is no suggestion of fraud, overpayments that are not corrected and about which beneficiaries are not notified within the time limits should be waived.

We are pleased that you have included a study in this legislation (Section 17 of the bill) that addresses measures to improve processing of reported income changes by beneficiaries. In reviewing GAO reports, I have not found any discussion of what actually happens, or does not happen, to the earnings reports that beneficiaries make. NAMI believes that this is where the real crux of the problem lies. Until systems inadequacies are minimized, it will be difficult to ferret out cases of true fraud. Streamlining SSA's procedures to ensure that the information received is acted upon immediately could eliminate many overpayments (or substantially reduce the amount of overpayments), reduce the administrative hassle involved in overpay-

ments for SSA and recipients, and prevent the disastrous personal circumstances that arise when SSA withholds much-needed funds. Since NAMI views the majority of large overpayments as the result of SSA's administrative practices, our comments (below) on other overpayment issues reflect that perspective.

#### INCREASED COLLECTION OF CERTAIN SSI OVERPAYMENTS

NAMI believes that the 50-percent minimum for collection of overpayments from lump sum payments may be too high. Often people awaiting receipt of their benefits go without basic necessities and/or incur debts that need to be repaid (i.e., the landlord waits for the rent, the corner grocer extends a little more credit, the telephone company hasn't been paid and is about to terminate service). A lower minimum (such as 20 percent) with statutory language requiring SSA to consider these types of circumstances would help people in these difficult circumstances.

#### INCREASED COLLECTION OF SSI OVERPAYMENTS TO CONVICTED CRIMINALS

NAMI believes that it is important to protect people with severe mental illnesses who are currently, or have been, incarcerated and who may not fully understand the complex SSI rules. Thus we believe there is a need for a requirement in which SSA specifically asks for information about past overpayments on the application and records the individual's answer. SSA should have an affirmative responsibility to inquire about the needed information and to assist people in understanding the request.

In addition, NAMI urges you to consider giving the Commissioner discretion to waive the penalty when the Commissioner finds that the individual's impairment itself is part of the reason for the individual's failure to properly report. Finally, NAMI believes that any attempt to impose a stiff sanction such as 10-year bar on eligibility for failure on the part of prisoner to notify SSA of an overpayment or agree to a repayment plan, should include some minimal protections. For example, SSA should be required to prove that a beneficiary either knew of a previous overpayment, or knowingly refused to repay or meet obligations of a repayment agreement.

Further, NAMI is concerned about the potential impact on a prisoner's family of the requirement that SSA continue debt collection while the individual is incarcerated. The Commissioner appears to have some flexibility in this legislation and we urge that such flexibility remain. Otherwise, we can imagine scenarios where SSA would be required to attach resources or assets that other family members are dependent upon, such as a home or car.

#### ADDED DEBT-COLLECTION TOOLS

While we understand the need for SSA to have debt-collection tools for situations in which a beneficiary has left the program, we urge that notice and an opportunity to contest the overpayment be given to the individual before the matter is turned over to a collection agency. Given the view that people with disabilities hold in regard to SSA's in the occurrence of overpayments, it would be particularly harsh for people to discover an overpayment and action against them in the normal course of conducting their personal business, such as applying for a first mortgage or a car loan.

#### TREATMENT OF ASSETS HELD IN TRUST AND PREVENTING THE DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE

Adults with severe mental illnesses and their families typically face many varied and complicated decisions regarding long-term planning for supports and housing. Congress has spent a great deal of time in recent years ensuring that beneficiaries (both current and future) do not game the system by either hiding or transferring assets solely for the purpose expediting eligibility for SSI and Medicaid. Most recently, Congress tightened the rules governing transfers of assets and trusts for Medicaid eligibility as part of the OBRA 1993 legislation. NAMI would like to thank the Subcommittee for its work in incorporating those Medicaid transfer of asset and trust exceptions into the corresponding SSI provisions included in this bill.

Regarding the prohibition on transfers of assets, we believe that the penalty period formulation in the bill (time barred from benefits as related to the value of the transfer) should be limited to no more than the former two-year statutory bar. However, since even this two-year bar could be life-threatening for many people who are severely disabled, we applaud the inclusion of authority for SSA to waive the bar in cases of undue hardship. Further, if assets incur a penalty period in both SSI

and Medicaid, there should be coordination of the penalty periods to prevent the same amount of funds from being "double-counted" as if the person could have covered his/her own SSI and Medicaid expenses with the same finite amount of money. We appreciate your consideration of this issue.

#### ADMINISTRATIVE SANCTIONS PROCESS

In the section addressing the sanctions for criminal conviction for fraud, we urge that the loss of benefits period for a beneficiary be made consistent with that for the attorneys' and physicians' first conviction (five years) rather than the ten years now included in the draft.

#### ANNUAL DDS EVALUATION OF PERFORMANCE OF CONSULTATIVE EXAMINERS

NAMI believes that one additional performance criteria should be included for evaluation of consultative examiners by SSA and the Disability Determination Service: evaluation of the performance of consultative examiners for the "completeness of exams" they perform. Too often, the exams are so cursory as to be meaningless, resulting in needless administrative waste.

#### COMPUTER MATCHES WITH MEDICAID AND MEDICARE DATA

While there is certainly the need for better data matching, we believe that some protections need to be incorporated since data may not be accurate or up-to-date. For example, when someone has a very short stay in a psychiatric hospital, nursing home, or other institutional setting, the matched data may not reflect more recent events, such as discharge. NAMI therefore urges that SSA be required to corroborate and verify any information before it relies upon it for changing benefits.

#### REFERRALS OF FRAUD TO THE OIG AND AUTHORITY TO CONTRACT OUT

NAMI believes that this provision should be limited to cases in which there is a strong suspicion that fraud is an issue. NAMI advises against allowing numerous private investigators, working on commission, disrupting the lives of innocent, law-abiding citizens.

#### EVALUATION OF 18-YEAR-OLDS

Finally, we urge the Subcommittee to consider a provision to correct an application of the law that encourages 18-year-olds to leave school before completion of secondary-level education. Current law requires a redetermination of an 18-year-old's SSI eligibility under the adult standard. For those young people who need to remain in school due to their disability, application of the work-based adult standard is inappropriate. We urge the Subcommittee to consider delaying the application of the adult standard until the young person has completed secondary-level education.

#### CONCLUSION

Mr. Chairman, thank you for the opportunity to share NAMI's views on this important legislation.





106TH CONGRESS  
1ST SESSION

# H. R. 631

To combat fraud in, and to improve the administration of, the disability programs under titles II and XVI of the Social Security Act, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1999

Mrs. JOHNSON of Connecticut (for herself and Mr. CARDIN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To combat fraud in, and to improve the administration of, the disability programs under titles II and XVI of the Social Security Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “SSI Fraud Prevention Act of 1999”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—FRAUD PREVENTION AND RELATED PROVISIONS

- Sec. 101. Primary liability of representative payees for overpayments to deceased recipients.
- Sec. 102. Requirement to provide State prisoner information to Federal and federally assisted benefit programs.
- Sec. 103. Recovery of overpayments of SSI benefits from lump sum SSI benefit payments.
- Sec. 104. Rules relating to collection of overpayments from individuals convicted of crimes.
- Sec. 105. Additional debt collection practices.
- Sec. 106. Treatment of assets held in trust under the SSI program.
- Sec. 107. Disposal of resources for less than fair market value under the SSI program.
- Sec. 108. Loss of benefits as penalty for fraud.
- Sec. 109. Exclusion of attorneys and physicians convicted of violations from participation in social security disability programs.
- Sec. 110. Annual reviews by State disability determination services of professionals conducting consultative examinations.
- Sec. 111. Computer matches with medicare and medicaid institutionalization data.
- Sec. 112. Access to information held by financial institutions.
- Sec. 113. State data exchanges.
- Sec. 114. Study on possible measures to improve fraud prevention and administrative processing.
- Sec. 115. Annual report on amounts necessary to combat fraud.

## TITLE II—BENEFITS FOR PHILIPPINO VETERANS OF WORLD WAR II

- Sec. 201. Provision of reduced SSI benefit to certain individuals who provided service to the Armed Forces of the United States in the Philippines during World War II after they move back to the Philippines.

## 1     **TITLE I—FRAUD PREVENTION** 2     **AND RELATED PROVISIONS**

### 3     **SEC. 101. PRIMARY LIABILITY OF REPRESENTATIVE PAY-** 4                   **EES FOR OVERPAYMENTS TO DECEASED RE-** 5                   **CIPIENTS.**

6           (a) AMENDMENT TO TITLE II.—Section 204(a)(2) of  
7 the Social Security Act (42 U.S.C. 404(a)(2)) is amended  
8 by adding at the end the following new sentence: “If the  
9 payment is made to a representative payee on behalf of  
10 an individual who has died, the representative payee shall  
11 be primarily liable for the repayment of the overpayment,

1 and the Commissioner of Social Security shall establish  
2 an overpayment control record under the social security  
3 account number of the representative payee.”.

4 (b) AMENDMENT TO TITLE XVI.—Section  
5 1631(b)(2) of such Act (42 U.S.C. 1383(b)(2)) is amend-  
6 ed by adding at the end the following new sentence: “If  
7 the payment is made to a representative payee on behalf  
8 of an individual who has died, the representative payee  
9 shall be primarily liable for the repayment of the overpay-  
10 ment, and the Commissioner of Social Security shall es-  
11 tablish an overpayment control record under the social se-  
12 curity account number of the representative payee.”.

13 **SEC. 102. REQUIREMENT TO PROVIDE STATE PRISONER IN-**  
14 **FORMATION TO FEDERAL AND FEDERALLY**  
15 **ASSISTED BENEFIT PROGRAMS.**

16 Section 1611(e)(1)(I)(ii)(II) of the Social Security  
17 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amended by strik-  
18 ing “is authorized to” and inserting “shall”.

19 **SEC. 103. RECOVERY OF OVERPAYMENTS OF SSI BENEFITS**  
20 **FROM LUMP SUM SSI BENEFIT PAYMENTS.**

21 (a) IN GENERAL.—Section 1631(b)(1)(B)(ii) of the  
22 Social Security Act (42 U.S.C. 1383(b)(1)(B)(ii)) is  
23 amended—

24 (1) by inserting “monthly” before “benefit pay-  
25 ments”; and

1           (2) by inserting “and in the case of an individ-  
2           ual or eligible spouse to whom a lump sum is pay-  
3           able under this title (including under section  
4           1616(a) of this Act or under an agreement entered  
5           into under section 212(a) of Public Law 93-66)  
6           shall, as at least one means of recovering such over-  
7           payment, make the adjustment or recovery from the  
8           lump sum payment in an amount equal to not less  
9           than the lesser of the amount of the overpayment or  
10          50 percent of the lump sum payment,” before “un-  
11          less fraud”.

12          (b) **EFFECTIVE DATE.**—The amendments made by  
13 this section shall take effect on the date of the enactment  
14 of this Act and shall apply to amounts incorrectly paid  
15 which remain outstanding on or after such date.

16 **SEC. 104. RULES RELATING TO COLLECTION OF OVERPAY-**  
17 **MENTS FROM INDIVIDUALS CONVICTED OF**  
18 **CRIMES.**

19          (a) **WAIVERS INAPPLICABLE TO OVERPAYMENTS BY**  
20 **REASON OF PAYMENT IN MONTHS IN WHICH BENE-**  
21 **FICIARY IS A PRISONER OR A FUGITIVE.**—

22           (1) **AMENDMENT TO TITLE II.**—Section 204(b)  
23 of the Social Security Act (42 U.S.C. 404(b)) is  
24 amended—

25           (A) by inserting “(1)” after “(b)”; and

1 (B) by adding at the end the following:

2 “(2) Paragraph (1) shall not apply with respect to  
3 any payment to any person made during a month in which  
4 such benefit was not payable under section 202(x).”.

5 (2) AMENDMENT TO TITLE XVI.—Section  
6 1631(b)(1)(B)(i) of such Act (42 U.S.C.  
7 1383(b)(1)(B)(i)) is amended by inserting “unless  
8 (I) section 1611(e)(1) prohibits payment to the per-  
9 son of a benefit under this title for the month by  
10 reason of confinement of a type described in clause  
11 (i) or (ii) of section 202(x)(1)(A), or (II) section  
12 1611(e)(5) prohibits payment to the person of a  
13 benefit under this title for the month,” after “ad-  
14 ministration of this title”.

15 (b) 10-YEAR PERIOD OF INELIGIBILITY FOR PER-  
16 SONS FAILING TO NOTIFY COMMISSIONER OF OVERPAY-  
17 MENTS IN MONTHS IN WHICH BENEFICIARY IS A PRIS-  
18 ONER OR A FUGITIVE OR FAILING TO COMPLY WITH RE-  
19 PAYMENT SCHEDULE FOR SUCH OVERPAYMENTS.—

20 (1) AMENDMENT TO TITLE II.—Section 202(x)  
21 of such Act (42 U.S.C. 402(x)) is amended by add-  
22 ing at the end the following:

23 “(4)(A) No person shall be considered entitled to  
24 monthly insurance benefits under this section based on the  
25 person’s disability or to disability insurance benefits under

1 section 223 otherwise payable during the 10-year period  
2 that begins on the date the person—

3 “(i) knowingly fails to timely notify the Com-  
4 missioner of Social Security, in connection with any  
5 application for benefits under this title, of any prior  
6 receipt by such person of any benefit under this title  
7 or title XVI in any month in which such benefit was  
8 not payable under the preceding provisions of this  
9 subsection, or

10 “(ii) knowingly fails to comply with any sched-  
11 ule imposed by the Commissioner which is for repay-  
12 ment of overpayments comprised of payments de-  
13 scribed in subparagraph (A) and which is in compli-  
14 ance with section 204.

15 “(B) The Commissioner of Social Security shall, in  
16 addition to any other relevant factors, take into account  
17 any mental or linguistic limitations of a person (including  
18 any lack of facility with the English language) in deter-  
19 mining whether the person has knowingly failed to comply  
20 with a requirement of clause (i) or (ii) of subparagraph  
21 (A).”.

22 (2) AMENDMENT TO TITLE XVI.—Section  
23 1611(e)(1) of such Act (42 U.S.C. 1382(e)(1)) is  
24 amended by adding at the end the following:

1       “(J)(i) A person shall not be considered an eligible  
2 individual or eligible spouse for purposes of benefits under  
3 this title by reason of disability, during the 10-year period  
4 that begins on the date the person—

5               “(I) knowingly fails to timely notify the Com-  
6 missioner of Social Security, in an application for  
7 benefits under this title, of any prior receipt by the  
8 person of a benefit under this title or title II in a  
9 month in which payment to the person of a benefit  
10 under this title was prohibited by—

11               “(aa) the preceding provisions of this para-  
12 graph by reason of confinement of a type de-  
13 scribed in clause (i) or (ii) of section  
14 202(x)(1)(A); or

15               “(bb) section 1611(e)(5); or

16               “(II) knowingly fails to comply with any sched-  
17 ule imposed by the Commissioner which is for repay-  
18 ment of overpayments comprised of payments de-  
19 scribed in clause (i) of this subparagraph and which  
20 is in compliance with section 1631(b).

21       “(ii) The Commissioner of Social Security shall, in  
22 addition to any other relevant factors, take into account  
23 any mental or linguistic limitations of a person (including  
24 any lack of facility with the English language) in deter-

1 mining whether the person has knowingly failed to comply  
2 with a requirement of subclause (I) or (II) of clause (i).”.

3 (c) CONTINUED COLLECTION EFFORTS AGAINST  
4 PRISONERS.—

5 (1) AMENDMENT TO TITLE II.—Section 204(b)  
6 of such Act (as amended by subsection (a)(1)) is  
7 amended further by adding at the end the following  
8 new paragraph:

9 “(3) The Commissioner shall not refrain from recov-  
10 ering overpayments from resources currently available to  
11 any overpaid person or to such person’s estate solely be-  
12 cause such individual is confined as described in clause  
13 (i) or (ii) of section 202(x)(1)(A).”.

14 (2) AMENDMENT TO TITLE XVI.—Section  
15 1631(b)(1)(A) of such Act (42 U.S.C.  
16 1383(b)(1)(A)) is amended by adding after and  
17 below clause (ii) the following flush left sentence:

18 “The Commissioner shall not refrain from recovering over-  
19 payments from resources currently available to any indi-  
20 vidual solely because the individual is confined as de-  
21 scribed in clause (i) or (ii) of section 202(x)(1)(A).”.

22 **SEC. 105. ADDITIONAL DEBT COLLECTION PRACTICES.**

23 (a) IN GENERAL.—Section 1631(d)(1) of the Social  
24 Security Act (42 U.S.C. 1383(d)(1)) is amended by strik-

1 ing “section 207” and inserting “sections 204(f) and  
2 207”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 this section shall apply to debt outstanding on or after  
5 the date of the enactment of this Act.

6 **SEC. 106. TREATMENT OF ASSETS HELD IN TRUST UNDER**  
7 **THE SSI PROGRAM.**

8 (a) TREATMENT AS RESOURCE.—Section 1613 of the  
9 Social Security Act (42 U.S.C. 1382b) is amended by add-  
10 ing at the end the following:

11 “Trusts

12 “(e)(1) In determining the resources of an individual,  
13 paragraph (3) shall apply to a trust (other than a trust  
14 described in paragraph (5)) established by the individual.

15 “(2)(A) For purposes of this subsection, an individual  
16 shall be considered to have established a trust if any assets  
17 of the individual (or of the individual’s spouse) are trans-  
18 ferred to the trust other than by will.

19 “(B) In the case of an irrevocable trust to which are  
20 transferred the assets of an individual (or of the individ-  
21 ual’s spouse) and the assets of any other person, this sub-  
22 section shall apply to the portion of the trust attributable  
23 to the assets of the individual (or of the individual’s  
24 spouse).

1       “(C) This subsection shall apply to a trust without  
2 regard to—

3           “(i) the purposes for which the trust is estab-  
4 lished;

5           “(ii) whether the trustees have or exercise any  
6 discretion under the trust;

7           “(iii) any restrictions on when or whether dis-  
8 tributions may be made from the trust; or

9           “(iv) any restrictions on the use of distributions  
10 from the trust.

11       “(3)(A) In the case of a revocable trust established  
12 by an individual, the corpus of the trust shall be consid-  
13 ered a resource available to the individual.

14       “(B) In the case of an irrevocable trust established  
15 by an individual, if there are any circumstances under  
16 which payment from the trust could be made to or for  
17 the benefit of the individual or the individual’s spouse, the  
18 portion of the corpus from which payment to or for the  
19 benefit of the individual or the individual’s spouse could  
20 be made shall be considered a resource available to the  
21 individual.

22       “(4) The Commissioner of Social Security may waive  
23 the application of this subsection with respect to an indi-  
24 vidual if the Commissioner determines that such applica-  
25 tion would work an undue hardship on the individual.

1       “(5) This subsection shall not apply to a trust de-  
2 scribed in subparagraph (A) or (C) of section 1917(d)(4).

3       “(6) For purposes of this subsection—

4           “(A) the term ‘trust’ includes any legal instru-  
5 ment or device that is similar to a trust;

6           “(B) the term ‘corpus’ means, with respect to  
7 a trust, all property and other interests held by the  
8 trust, including accumulated earnings and any other  
9 addition to the trust after its establishment (except  
10 that such term does not include any such earnings  
11 or addition in the month in which the earnings or  
12 addition is credited or otherwise transferred to the  
13 trust); and

14           “(C) the term ‘asset’ includes any income or re-  
15 source of the individual or of the individual’s spouse,  
16 including—

17           “(i) any income excluded by section  
18 1612(b);

19           “(ii) any resource otherwise excluded by  
20 this section; and

21           “(iii) any other payment or property to  
22 which the individual or the individual’s spouse  
23 is entitled but does not receive or have access  
24 to because of action by—

25           “(I) the individual or spouse;

1           “(II) a person or entity (including a  
2           court) with legal authority to act in place  
3           of, or on behalf of, the individual or  
4           spouse; or

5           “(III) a person or entity (including a  
6           court) acting at the direction of, or on the  
7           request of, the individual or spouse.”.

8       (b) TREATMENT AS INCOME.—Section 1612(a)(2) of  
9 such Act (42 U.S.C. 1382a(a)(2)) is amended—

10           (1) by striking “and” at the end of subpara-  
11 graph (E);

12           (2) by striking the period at the end of sub-  
13 paragraph (F) and inserting “; and”; and

14           (3) by adding at the end the following:

15           “(G) any earnings of, and additions to, the cor-  
16 pus of a trust established by an individual (within  
17 the meaning of section 1613(e)), of which the indi-  
18 vidual is a beneficiary, to which section 1613(e) ap-  
19 plies, and, in the case of an irrevocable trust, with  
20 respect to which circumstances exist under which a  
21 payment from the earnings or additions could be  
22 made to or for the benefit of the individual.”.

23       (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall take effect on January 1, 2000, and shall  
25 apply to trusts established on or after such date.

1 **SEC. 107. DISPOSAL OF RESOURCES FOR LESS THAN FAIR**  
2 **MARKET VALUE UNDER THE SSI PROGRAM.**

3 (a) **IN GENERAL.**—Section 1613(c) of the Social Se-  
4 curity Act (42 U.S.C. 1382b(c)) is amended—

5 (1) in the caption, by striking “Notification of  
6 Medicaid Policy Restricting Eligibility of Institu-  
7 tionalized Individuals for Benefits Based on”;

8 (2) in paragraph (1)—

9 (A) in subparagraph (A)—

10 (i) by inserting “paragraph (1) and”  
11 after “provisions of”;

12 (ii) by striking “title XIX” the first  
13 place it appears and inserting “this title  
14 and title XIX, respectively,”;

15 (iii) by striking “subparagraph (B)”  
16 and inserting “clause (ii)”;

17 (iv) by striking “paragraph (2)” and  
18 inserting “subparagraph (B)”;

19 (B) in subparagraph (B)—

20 (i) by striking “by the State agency”;  
21 and

22 (ii) by striking “section 1917(c)” and  
23 all that follows and inserting “paragraph  
24 (1) or section 1917(c).”; and

25 (C) by redesignating subparagraphs (A)  
26 and (B) as clauses (i) and (ii), respectively;

1 (3) in paragraph (2)—

2 (A) by striking “(2)” and inserting “(B)”;

3 and

4 (B) by striking “paragraph (1)(B)” and

5 inserting “subparagraph (A)(ii)”;

6 (4) by striking “(c)(1)” and inserting “(2)(A)”;

7 and

8 (5) by inserting before paragraph (2) (as redes-

9 ignated by paragraph (4) of this subsection) the fol-

10 lowing:

11 “(c)(1)(A)(i) If an individual or the spouse of an indi-  
12 vidual disposes of resources for less than fair market value  
13 on or after the look-back date described in clause (ii)(I),  
14 the individual is ineligible for benefits under this title for  
15 months during the period beginning on the date described  
16 in clause (iii) and equal to the number of months cal-  
17 culated as provided in clause (iv).

18 “(ii)(I) The look-back date described in this sub-  
19 clause is a date that is 36 months before the date de-  
20 scribed in subclause (II).

21 “(II) The date described in this subclause is the date  
22 on which the individual applies for benefits under this title  
23 or, if later, the date on which the individual (or the spouse  
24 of the individual) disposes of resources for less than fair  
25 market value.

1       “(iii) The date described in this clause is the first  
2 day of the first month that follows the month in which  
3 resources were disposed of for less than fair market value  
4 and that does not occur in any other period of ineligibility  
5 under this paragraph.

6       “(iv) The number of months calculated under this  
7 clause shall be equal to—

8               “(I) the total, cumulative uncompensated value  
9       of all resources so disposed of by the individual (or  
10       the spouse of the individual) on or after the look-  
11       back date described in clause (ii)(I); divided by

12               “(II) the amount of the maximum monthly ben-  
13       efit payable under section 1611(b) for the month in  
14       which occurs the date described in clause (ii)(II),  
15       rounded up, in the case of any fraction, to the next whole  
16       number.

17       “(B)(i) Notwithstanding subparagraph (A), this sub-  
18       section shall not apply to a transfer of a resource to a  
19       trust if the portion of the trust attributable to the resource  
20       is considered a resource available to the individual pursu-  
21       ant to subsection (e)(3) (or would be so considered but  
22       for the application of subsection (e)(4)).

23       “(ii) In the case of a trust established by an individ-  
24       ual or an individual’s spouse (within the meaning of sub-  
25       section (e)), if from such portion of the trust, if any, that

1 is considered a resource available to the individual pursu-  
2 ant to subsection (e)(3) (or would be so considered but  
3 for the application of subsection (e)(4)) or the residue of  
4 the portion on the termination of the trust—

5           “(I) there is made a payment other than to or  
6       for the benefit of the individual; or

7           “(II) no payment could under any circumstance  
8       be made to the individual,  
9 then, for purposes of this subsection, the payment de-  
10 scribed in clause (I) or the foreclosure of payment de-  
11 scribed in clause (II) shall be considered a transfer of re-  
12 sources by the individual or the individual’s spouse as of  
13 the date of the payment or foreclosure, as the case may  
14 be.

15           “(C) An individual shall not be ineligible for benefits  
16 under this title by reason of the application of this para-  
17 graph to a disposal of resources by the individual or the  
18 spouse of the individual, to the extent that—

19           “(i) the resources are a home and title to the  
20       home was transferred to—

21                   “(I) the spouse of the transferor;

22                   “(II) a child of the transferor who has not  
23       attained 21 years of age, or is blind or disabled;

24                   “(III) a sibling of the transferor who has  
25       an equity interest in such home and who was

1 residing in the transferor's home for a period of  
2 at least 1 year immediately before the date the  
3 transferor becomes an institutionalized individ-  
4 ual; or

5           “(IV) a son or daughter of the transferor  
6 (other than a child described in subclause (II))  
7 who was residing in the transferor's home for  
8 a period of at least 2 years immediately before  
9 the date the transferor becomes an institu-  
10 tionalized individual, and who provided care to  
11 the transferor which permitted the transferor to  
12 reside at home rather than in such an institu-  
13 tion or facility;

14           “(ii) the resources—

15                 “(I) were transferred to the transferor's  
16 spouse or to another for the sole benefit of the  
17 transferor's spouse;

18                 “(II) were transferred from the transfer-  
19 or's spouse to another for the sole benefit of the  
20 transferor's spouse;

21                 “(III) were transferred to, or to a trust  
22 (including a trust described in section  
23 1917(d)(4)) established solely for the benefit of,  
24 the transferor's child who is blind or disabled;  
25 or

1           “(IV) were transferred to a trust (includ-  
2           ing a trust described in section 1917(d)(4)) es-  
3           tablished solely for the benefit of an individual  
4           who has not attained 65 years of age and who  
5           is disabled;

6           “(iii) a satisfactory showing is made to the  
7           Commissioner of Social Security (in accordance with  
8           regulations promulgated by the Commissioner)  
9           that—

10           “(I) the individual who disposed of the re-  
11           sources intended to dispose of the resources ei-  
12           ther at fair market value, or for other valuable  
13           consideration;

14           “(II) the resources were transferred exclu-  
15           sively for a purpose other than to qualify for  
16           benefits under this title; or

17           “(III) all resources transferred for less  
18           than fair market value have been returned to  
19           the transferor; or

20           “(iv) the Commissioner determines, under pro-  
21           cedures established by the Commissioner, that the  
22           denial of eligibility would work an undue hardship as  
23           determined on the basis of criteria established by the  
24           Commissioner;

1           “(D) For purposes of this subsection, in the case of  
2 a resource held by an individual in common with another  
3 person or persons in a joint tenancy, tenancy in common,  
4 or similar arrangement, the resource (or the affected por-  
5 tion of such resource) shall be considered to be disposed  
6 of by the individual when any action is taken, either by  
7 the individual or by any other person, that reduces or  
8 eliminates the individual’s ownership or control of such re-  
9 source.

10           “(E) In the case of a transfer by the spouse of an  
11 individual that results in a period of ineligibility for the  
12 individual under this subsection, the Commissioner shall  
13 apportion the period (or any portion of the period) among  
14 the individual and the individual’s spouse if the spouse be-  
15 comes eligible for benefits under this title.

16           “(F) For purposes of this paragraph—

17           “(i) the term ‘benefits under this title’ includes  
18 payments of the type described in section 1616(a) of  
19 this Act and of the type described in section 212(b)  
20 of Public Law 93–66;

21           “(ii) the term ‘institutionalized individual’ has  
22 the meaning given such term in section 1917(e)(3);  
23 and

24           “(iii) the term ‘trust’ has the meaning given  
25 such term in subsection (e)(5)(A) of this section.”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall be effective with respect to disposals  
3 made on or after the date of enactment of this Act.

4 **SEC. 108. LOSS OF BENEFITS AS PENALTY FOR FRAUD.**

5 (a) IN GENERAL.—Part A of title XI of the Social  
6 Security Act (42 U.S.C. 1301 et seq.) is amended by in-  
7 serting after section 1129 the following:

8 **“SEC. 1129A. LOSS OF BENEFITS AS PENALTY FOR FRAUD.**

9 “(a) IN GENERAL.—Any person who makes, or  
10 causes to be made, a statement or representation of a ma-  
11 terial fact for use in determining any initial or continuing  
12 right to or the amount of—

13 “(1) monthly insurance benefits under title II;

14 or

15 “(2) benefits or payments under title XVI,

16 that the person knows or should know is false or mislead-  
17 ing or knows or should know omits a material fact or  
18 makes such a statement with knowing disregard for the  
19 truth shall be subject to, in addition to any other penalties  
20 that may be prescribed by law, a penalty described in sub-  
21 section (b) which shall be imposed by the Commissioner  
22 of Social Security.

23 “(b) PENALTY.—The penalty described in this sub-  
24 section is—

1           “(1) nonpayment of benefits under title II that  
2           would otherwise be payable to the person; and

3           “(2) ineligibility for cash benefits under title  
4           XVI,

5 for each month that begins during the applicable period  
6 described in subsection (c).

7           “(c) DURATION OF PENALTY.—The applicable period  
8 begins with the date the Commissioner makes a deter-  
9 mination that the person has engaged in conduct described  
10 in subsection (a), and the duration of the period shall be—

11           “(1) 6 consecutive months, in the case of the  
12           first such determination with respect to the person;

13           “(2) 12 consecutive months, in the case of a  
14           second such determination with respect to the per-  
15           son; and

16           “(3) 24 consecutive months, in the case of a  
17           third or subsequent such determination with respect  
18           to the person.

19           “(d) EFFECT ON OTHER ASSISTANCE.—A person  
20 subject to a period of nonpayment of benefits under title  
21 II or ineligibility for title XVI benefits by reason of this  
22 section nevertheless shall be considered to be receiving  
23 such benefits for purposes of—

24           “(1) determination of the eligibility of the per-  
25           son for benefits under titles XVIII and XIX; and

1           “(2) determination of the eligibility or amount  
2           of benefits payable under title II or XVI to another  
3           person.

4           “(e) DEFINITION.—In this section, the term ‘benefits  
5           under title XVI’ includes State supplementary payments  
6           made by the Commissioner pursuant to an agreement  
7           under section 1616(a) of this Act or section 212(b) of  
8           Public Law 93–66.

9           “(f) CONSULTATIONS.—The Commissioner of Social  
10          Security shall consult with the Inspector General of the  
11          Social Security Administration before initiating an action  
12          under this section.”.

13          (b) CONFORMING AMENDMENT PRECLUDING DE-  
14          LAYED RETIREMENT CREDIT FOR ANY MONTH TO WHICH  
15          A NONPAYMENT OF BENEFITS PENALTY APPLIES.—Sec-  
16          tion 202(w)(2)(B) of such Act (42 U.S.C. 402(w)(2)(B))  
17          is amended—

18                 (1) by striking “and” at the end of clause (i);

19                 (2) by striking the period at the end of clause

20                 (ii) and inserting “, and”; and

21                 (3) by adding at the end the following:

22                         “(iii) such individual was not subject to a  
23                         penalty imposed under section 1129A.”.

1 (c) ELIMINATION OF REDUNDANT PROVISION.—Sec-  
 2 tion 1611(e) of such Act (42 U.S.C. 1382(e)) is  
 3 amended—

4 (1) by striking paragraph (4);

5 (2) in paragraph (6)(A)(i), by striking “(5)”  
 6 and inserting “(4)”; and

7 (3) by redesignating paragraphs (5) and (6) as  
 8 paragraphs (4) and (5), respectively.

9 (d) REGULATIONS.—Within 6 months after the date  
 10 of the enactment of this Act, the Commissioner of Social  
 11 Security shall develop regulations that prescribe the ad-  
 12 ministrative process for making determinations under sec-  
 13 tion 1129A of the Social Security Act.

14 **SEC. 109. EXCLUSION OF ATTORNEYS AND PHYSICIANS**  
 15 **CONVICTED OF VIOLATIONS FROM PARTICI-**  
 16 **PATION IN SOCIAL SECURITY DISABILITY**  
 17 **PROGRAMS.**

18 (a) IN GENERAL.—Part A of title XI of the Social  
 19 Security Act (42 U.S.C. 1301–1320b–17) is amended by  
 20 adding at the end the following:

21 “EXCLUSION OF ATTORNEYS AND PHYSICIANS CON-  
 22 VICTED OF VIOLATIONS FROM PARTICIPATION IN SO-  
 23 CIAL SECURITY DISABILITY PROGRAMS

24 “SEC. 1148. (a) IN GENERAL.—The Commissioner  
 25 of Social Security shall exclude from participation in the

1 social security disability programs any attorney or  
2 physician—

3 “(1) who is convicted of a violation of section  
4 208 or 1632 of this Act,

5 “(2) who is convicted of any violation under  
6 title 18, United States Code, relating to an initial  
7 application for or continuing entitlement to benefits  
8 under title II of this Act, or an initial application for  
9 or continuing eligibility for benefits under title XVI  
10 of this Act, or

11 “(3) who becomes subject to a penalty or as-  
12 sessment under section 1129(a)(1)(A) of this Act.

13 “(b) NOTICE, EFFECTIVE DATE, AND PERIOD OF  
14 EXCLUSION.—(1) An exclusion under this section shall be  
15 effective at such time, for such period, and upon such rea-  
16 sonable notice to the public and to the individual excluded  
17 as may be specified in regulations consistent with para-  
18 graph (2).

19 “(2) Such an exclusion shall be effective with respect  
20 to services furnished to any individual on or after the ef-  
21 fective date of the exclusion. Nothing in this section may  
22 be construed to preclude, in determining disability under  
23 title II or title XVI, consideration of any medical evidence  
24 derived from services provided by a physician before the

1 effective date of the exclusion of the physician under this  
2 section.

3 “(3)(A) The Commissioner shall specify, in the notice  
4 of exclusion under paragraph (1), the period of the exclu-  
5 sion.

6 “(B) Subject to subparagraph (C), in the case of an  
7 exclusion under subsection (a), the minimum period of ex-  
8 clusion shall be five years, except that the Commissioner  
9 may waive the exclusion in the case of an individual who  
10 is the sole source of essential services in a community. The  
11 Commissioner’s decision whether to waive the exclusion  
12 shall not be reviewable.

13 “(C) In the case of an exclusion of an individual  
14 under subsection (a) based on a conviction occurring on  
15 or after the date of the enactment of this section, if the  
16 individual has (before, on, or after such date) been  
17 convicted—

18 “(i) on one previous occasion of one or more of-  
19 fenses for which an exclusion may be effected under  
20 such subsection, the period of the exclusion shall be  
21 not less than 10 years, or

22 “(ii) on 2 or more previous occasions of one or  
23 more offenses for which an exclusion may be effected  
24 under such subsection, the period of the exclusion  
25 shall be permanent.

1       “(c) NOTICE TO STATE AGENCIES.—The Commis-  
2 sioner shall promptly notify each appropriate State agency  
3 employed for the purpose of making disability determina-  
4 tions under section 221 or 1633(a)—

5           “(1) of the fact and circumstances of each ex-  
6 clusion effected against an individual under this sec-  
7 tion, and

8           “(2) of the period (described in subsection  
9 (b)(3)) for which the State agency is directed to ex-  
10 clude the individual from participation in the activi-  
11 ties of the State agency in the course of its employ-  
12 ment.

13       “(d) NOTICE TO STATE LICENSING AGENCIES.—The  
14 Commissioner shall—

15           “(1) promptly notify the appropriate State or  
16 local agency or authority having responsibility for  
17 the licensing or certification of an individual ex-  
18 cluded from participation under this section of the  
19 fact and circumstances of the exclusion,

20           “(2) request that appropriate investigations be  
21 made and sanctions invoked in accordance with ap-  
22 plicable State law and policy, and

23           “(3) request that the State or local agency or  
24 authority keep the Commissioner and the Inspector  
25 General of the Social Security Administration fully

1 and currently informed with respect to any actions  
2 taken in response to the request.

3 “(e) APPLICATION FOR TERMINATION OF EXCLU-  
4 SION.—(1) An individual excluded from participation  
5 under this section may apply to the Commissioner, in the  
6 manner specified by the Commissioner in regulations and  
7 at the end of the minimum period of exclusion provided  
8 under subsection (b)(3) and at such other times as the  
9 Commissioner may provide, for termination of the exclu-  
10 sion effected under this section.

11 “(2) The Commissioner may terminate the exclusion  
12 if the Commissioner determines, on the basis of the con-  
13 duct of the applicant which occurred after the date of the  
14 notice of exclusion or which was unknown to the Commis-  
15 sioner at the time of the exclusion, that—

16 “(A) there is no basis under subsection (a) for  
17 a continuation of the exclusion, and

18 “(B) there are reasonable assurances that the  
19 types of actions which formed the basis for the origi-  
20 nal exclusion have not recurred and will not recur.

21 “(3) The Commissioner shall promptly notify each  
22 State agency employed for the purpose of making disabil-  
23 ity determinations under section 221 or 1633(a) of the  
24 fact and circumstances of each termination of exclusion  
25 made under this subsection.

1       “(f) AVAILABILITY OF RECORDS OF EXCLUDED AT-  
2 TORNEYS AND PHYSICIANS.—Nothing in this section shall  
3 be construed to have the effect of limiting access by any  
4 applicant or beneficiary under title II or XVI, any State  
5 agency acting under section 221 or 1633(a), or the Com-  
6 missioner of Social Security to records maintained by any  
7 attorney or physician in connection with services provided  
8 to the applicant or beneficiary prior to the exclusion of  
9 such attorney or physician under this section.

10       “(g) REPORTING REQUIREMENT.—Any attorney or  
11 physician participating in, or seeking to participate in, a  
12 social security disability program shall inform the Com-  
13 missioner, in such form and manner as the Commissioner  
14 shall prescribe by regulation, whether such attorney or  
15 physician has been convicted of a violation described in  
16 subsection (a).

17       “(h) DEFINITIONS.—For purposes of this section.—

18           “(1) EXCLUDE.—The term ‘exclude’ from par-  
19 ticipation means—

20                   “(A) in connection with an attorney, to  
21 prohibit from engaging in representation of an  
22 applicant for, or recipient of, benefits as a rep-  
23 resentative payee under section 205(j) or  
24 1631(a)(2)(A)(ii) or otherwise as a representa-

1           tive in any hearing or other proceeding relating  
2           to entitlement to benefits, and

3           “(B) in connection with a physician, to  
4           prohibit from providing items or services to an  
5           applicant for, or recipient of, benefits for the  
6           purpose of assisting such applicant or recipient  
7           in demonstrating disability.

8           “(2) SOCIAL SECURITY DISABILITY PROGRAM.—  
9           The term ‘social security disability program’ means  
10          the program providing for monthly disability insur-  
11          ance benefits under section 223 or monthly benefits  
12          based on the disability of the recipient under section  
13          202 and the program providing for supplemental se-  
14          curity income to individuals based on disability  
15          under title XVI.

16          “(3) CONVICTED.—An individual is considered  
17          to have been ‘convicted’ of a violation—

18                 “(A) when a judgment of conviction has  
19                 been entered against the individual by a Fed-  
20                 eral, State, or local court, except if the judg-  
21                 ment of conviction has been set aside or ex-  
22                 punged;

23                 “(B) when there has been a finding of  
24                 guilt against the individual by a Federal, State,  
25                 or local court;



1       “(2) The Commissioner shall provide for annual eval-  
2 uations by State disability determination services of the  
3 performance of professionals to whom cases are referred  
4 for purposes of disability determinations by such services.  
5 Such evaluations shall include a thorough analysis of the  
6 completeness of the examinations performed through such  
7 referrals and the extent to which any patterns of abuse  
8 have arisen in the referral processes. The Commissioner  
9 shall ensure that any such pattern of abuse which, in the  
10 course of any such evaluation, is determined by any State  
11 disability determination service to have occurred is  
12 promptly referred by such service to the Inspector General  
13 of the Social Security Administration.”.

14       (b) **EFFECTIVE DATE.**—The first annual evaluations  
15 required pursuant to the amendments made by this section  
16 shall be filed not later than December 31, 1999.

17 **SEC. 111. COMPUTER MATCHES WITH MEDICARE AND MED-**  
18 **ICAID INSTITUTIONALIZATION DATA.**

19       (a) **IN GENERAL.**—Section 1611(e)(1) of the Social  
20 Security Act (42 U.S.C. 1382(e)(1)) is further amended  
21 by adding at the end the following:

22       “(K) For the purpose of carrying out this paragraph,  
23 the Commissioner of Social Security shall conduct periodic  
24 computer matches with data maintained by the Secretary  
25 of Health and Human Services under title XVIII or XIX.

1 The Secretary shall furnish to the Commissioner, in such  
2 form and manner and under such terms as the Commis-  
3 sioner and the Secretary shall mutually agree, such infor-  
4 mation as the Commissioner may request for this purpose.  
5 Information obtained pursuant to such a match may be  
6 substituted for the physician's certification otherwise re-  
7 quired under subparagraph (G)(i)."

8 (b) CONFORMING AMENDMENT.—Section  
9 1611(e)(1)(G) of such Act (42 U.S.C. 1382(e)(1)(G)) is  
10 amended by striking "subparagraph (H)" and inserting  
11 "subparagraph (H) or (K)".

12 **SEC. 112. ACCESS TO INFORMATION HELD BY FINANCIAL**  
13 **INSTITUTIONS.**

14 (a) IN GENERAL.—Section 1631(e)(1)(B) of the So-  
15 cial Security Act (42 U.S.C. 1383(e)(1)(B)) is amended—

16 (1) by striking "(B) The" and inserting "(B)(i)  
17 The"; and

18 (2) by adding at the end the following new  
19 clause:

20 "(ii)(I) The Commissioner of Social Security may re-  
21 quire each applicant for, or recipient of, benefits under  
22 this title to provide authorization by the applicant or recip-  
23 ient (or by any other person whose income or resources  
24 are material to the determination of the eligibility of the  
25 applicant or recipient for such benefits) for the Commis-

1 sioner to obtain (subject to the cost reimbursement re-  
2 quirements of section 1115(a) of the Right to Financial  
3 Privacy Act) from any financial institution (within the  
4 meaning of section 1101(1) of such Act) any financial  
5 record (within the meaning of section 1101(2) of such  
6 Act) held by the institution with respect to the applicant  
7 or recipient (or any such other person) whenever the Com-  
8 missioner determines the record is needed in connection  
9 with a determination with respect to such eligibility or the  
10 amount of such benefits.

11 “(II) Notwithstanding section 1104(a)(1) of the  
12 Right to Financial Privacy Act, an authorization provided  
13 by an applicant or recipient (or any other person whose  
14 income or resources are material to the determination of  
15 the eligibility of the applicant or recipient) pursuant to  
16 subclause (I) of this clause shall remain effective until the  
17 earliest of—

18 “(aa) the rendering of a final adverse decision  
19 on the applicant’s application for eligibility for bene-  
20 fits under this title;

21 “(bb) the cessation of the recipient’s eligibility  
22 for benefits under this title; or

23 “(cc) the express revocation by the applicant or  
24 recipient (or such other person referred to in sub-

1 clause (I)) of the authorization, in a written notifica-  
2 tion to the Commissioner.

3 “(III)(aa) An authorization obtained by the Commis-  
4 sioner of Social Security pursuant to this clause shall be  
5 considered to meet the requirements of the Right to Fi-  
6 nancial Privacy Act for purposes of section 1103(a) of  
7 such Act, and need not be furnished to the financial insti-  
8 tution, notwithstanding section 1104(a) of such Act.

9 “(bb) The certification requirements of section  
10 1103(b) of the Right to Financial Privacy Act shall not  
11 apply to requests by the Commissioner of Social Security  
12 pursuant to an authorization provided under this clause.

13 “(cc) A request by the Commissioner pursuant to an  
14 authorization provided under this clause is deemed to meet  
15 the requirements of section 1104(a)(3) of the Right to Fi-  
16 nancial Privacy Act and the flush language of section  
17 1102 of such Act.

18 “(IV) The Commissioner shall inform any person who  
19 provides authorization pursuant to this clause of the dura-  
20 tion and scope of the authorization.

21 “(V) If an applicant for, or recipient of, benefits  
22 under this title (or any such other person referred to in  
23 subclause (I)) refuses to provide or revokes any authoriza-  
24 tion for the Commissioner of Social Security to obtain  
25 from any financial institution any financial record, the

1 Commissioner may, on that basis, determine that the ap-  
2 plicant or recipient is ineligible for benefits under this  
3 title.”.

4 (b) **EFFECTIVE DATE.**—The amendments made by  
5 this section shall take effect on the date of the enactment  
6 of this Act.

7 **SEC. 113. STATE DATA EXCHANGES.**

8 Whenever the Commissioner of Social Security re-  
9 quests information from a State for the purpose of  
10 ascertaining an individual’s eligibility for benefits (or the  
11 correct amount of such benefits) under title II or XVI of  
12 the Social Security Act, the standards of the Commis-  
13 sioner promulgated pursuant to section 1106 of such Act  
14 or any other Federal law for the use, safeguarding, and  
15 disclosure of information are deemed to meet any stand-  
16 ards of the State that would otherwise apply to the disclo-  
17 sure of information by the State to the Commissioner.

18 **SEC. 114. STUDY ON POSSIBLE MEASURES TO IMPROVE**  
19 **FRAUD PREVENTION AND ADMINISTRATIVE**  
20 **PROCESSING.**

21 (a) **STUDY.**—As soon as practicable after the date of  
22 the enactment of this Act, the Commissioner of Social Se-  
23 curity, in consultation with the Inspector General of the  
24 Social Security Administration and the Attorney General,  
25 shall conduct a study of possible measures to improve—

1           (1) prevention of fraud on the part of individ-  
2           uals entitled to disability benefits under section 223  
3           of the Social Security Act or benefits under section  
4           202 of such Act based on the beneficiary's disability,  
5           individuals eligible for supplemental security income  
6           benefits under title XVI of such Act, and applicants  
7           for any such benefits; and

8           (2) timely processing of reported income  
9           changes by individuals receiving such benefits.

10          (b) REPORT.—Not later than 1 year after the date  
11 of the enactment of this Act, the Commissioner shall re-  
12 port in writing to the Committee on Ways and Means of  
13 the House of Representatives and the Committee on Fi-  
14 nance of the Senate the results of the Commissioner's  
15 study under subsection (a). Such report shall contain such  
16 recommendations for legislative and administrative  
17 changes as the Commissioner considers appropriate.

18 **SEC. 115. ANNUAL REPORT ON AMOUNTS NECESSARY TO**  
19 **COMBAT FRAUD.**

20          (a) IN GENERAL.—Section 704(b)(1) of the Social  
21 Security Act (42 U.S.C. 904(b)(1)) is amended—

22               (1) by inserting “(A)” after “(b)(1)”; and

23               (2) by adding at the end the following new sub-  
24          paragraph:

1       “(B) The Commissioner shall include in the annual  
2 budget prepared pursuant to subparagraph (A) an  
3 itemization of the amount of funds required by the Social  
4 Security Administration for the fiscal year covered by the  
5 budget to support efforts to combat fraud committed by  
6 applicants and beneficiaries.”.

7       (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply with respect to annual budgets pre-  
9 pared for fiscal years after fiscal year 1999.

10 **TITLE           II—BENEFITS           FOR**  
11 **PHILIPPINO VETERANS       OF**  
12 **WORLD WAR II**

13 **SEC. 201. PROVISION OF REDUCED SSI BENEFIT TO CER-**  
14 **TAIN INDIVIDUALS WHO PROVIDED SERVICE**  
15 **TO THE ARMED FORCES OF THE UNITED**  
16 **STATES IN THE PHILIPPINES DURING WORLD**  
17 **WAR II AFTER THEY MOVE BACK TO THE**  
18 **PHILIPPINES.**

19       (a) IN GENERAL.—Notwithstanding sections  
20 1611(b), 1611(f)(1), and 1614(a)(1)(B)(i) of the Social  
21 Security Act—

22           (1) the eligibility of a qualified individual for  
23 benefits under the supplemental security income pro-  
24 gram under title XVI of such Act shall not termi-

1       nate by reason of a change in the place of residence  
2       of the individual to the Philippines; and

3           (2) the benefits payable to the individual under  
4       such program shall be reduced by 50 percent for so  
5       long as the place of residence of the individual is in  
6       the Philippines.

7       (b) QUALIFIED INDIVIDUAL DEFINED.—In sub-  
8       section (a), the term “qualified individual” means an indi-  
9       vidual who—

10           (1) as of the date of the enactment of this Act,  
11       is eligible for benefits under the supplemental secu-  
12       rity income program under title XVI of the Social  
13       Security Act;

14           (2) as of January 1, 1990, was eligible for such  
15       benefits; and

16           (3) before August 15, 1945, served in the orga-  
17       nized military forces of the Government of the Com-  
18       monwealth of the Philippines while such forces were  
19       in the service of the Armed Forces of the United  
20       States pursuant to the military order of the Presi-  
21       dent dated July 26, 1941, including among such  
22       military forces organized guerrilla forces under com-  
23       manders appointed, designated, or subsequently rec-  
24       ognized by the Commander in Chief, Southwest Pa-

- 1 cific Area, or other competent military authority in
- 2 the Army of the United States.

○



# STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

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June 22, 1999  
(House)

## **H.R. 1802 - Foster Care Independence Act** **(Reps. Johnson (R) CT and Cardin (D) MD)**

The Administration strongly supports H.R. 1802, which would assist young adults who are leaving our Nation's foster care system in making the successful transition to independent living. Similar to the proposal in the President's FY 2000 Budget, H.R. 1802 would provide those leaving foster care with access to health care and would expand and improve educational opportunities, training, housing assistance, counseling, and other support and services for these youth. The Administration is pleased that the bill includes several Administration proposals to improve the integrity of the Social Security disability programs as well as its proposal to amend the child support enforcement statute to eliminate the unintended windfall for States receiving hold harmless payments.

The Administration supports the goal of providing assistance to World War II Filipino veterans who wish to return to their native country. The Administration, however, has concerns about providing such assistance through the Supplemental Security Income program. The Administration looks forward to working with Congress to enact an alternative to address this goal.

### Pay-As-You-Go Scoring

H.R. 1802 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's preliminary scoring estimate indicates that H.R. 1802 would reduce direct spending in FY 2000 by \$56 million and by a total of \$43 million during FYS 2000-2004.



# LEGISLATIVE

## *Bulletin*

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106-1

February 18, 1999

### **Human Resources Subcommittee Marks Up H.R. 631, the SSI Fraud Prevention Act of 1999**

On February 10, the House Committee on Ways and Means, Subcommittee on Human Resources marked up and approved by voice vote H.R. 631, the SSI Fraud Prevention Act of 1999. The full Ways and Means Committee has not yet announced when it will consider the bill.

Below are descriptions of the provisions in H.R. 631 as reported by the Subcommittee.

#### Primary Liability of Representative Payees for Overpayment to Deceased Recipients

Would make a representative payee primarily liable for an SSI or OASDI overpayment caused by a payment made to a beneficiary who has died. Also would require SSA to establish an overpayment control record under the representative payee's Social Security number. Would be effective upon enactment.

#### Requirement To Provide State Prisoner Information to Federal and Federally Assisted Benefit Programs

Would require the Commissioner to provide, on a reimbursable basis, information obtained under agreements with institutions for reporting prisoners to Federal or federally assisted cash, food, or medical assistance program. Would be effective upon enactment.

#### Recovery of Overpayments of SSI Benefits from Lump Sum SSI Benefit Payments

Would require the Commissioner to recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump-sum or the amount of the overpayment, whichever is less. Would apply to amounts of overpayments that are outstanding on or after the date of enactment.

## Rules Relating to Collection of Overpayments from Individuals Convicted of Crimes

Would prohibit SSI/DI eligibility based on disability for 10 years if ex-fugitive or ex-prisoner knowingly fails to notify SSA at time of (re)application that he or she had received benefits erroneously while in prison or knowingly fails to comply with scheduled repayment of overpayment. The Commissioner would determine whether individual "knowingly failed" to notify or comply and would take into account the individual's mental or linguistic limitations if any. Also would eliminate waivers of recovery of overpayments caused by imprisonment and require SSA to continue collection efforts while prisoners are in jail. Would be effective upon enactment.

## Additional Debt Collection Practices

Would extend to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the Social Security program, such as referring debtors to credit bureaus, using private collection agencies and charging interest on outstanding debts. Would apply to amounts of overpayments that are outstanding on or after the date of enactment.

## Treatment of Assets Held in Trust Under the SSI Program

Would include in the countable resources of an individual for SSI purposes, the assets of any trust containing property transferred from the individual or spouse to the extent that the assets could be used for the benefit of either. Would exclude certain trusts (e.g., those established by will, or certain trusts that would repay the State the cost of services provided the beneficiary upon his or her death). Would apply to trusts established on or after January 1, 2000.

## Disposal of Resources for Less Than Fair Market Value Under the SSI Program:

Would provide a penalty under the SSI program for the transfer of assets at less than fair market value. The penalty would be a loss of benefits for a number of months equal to the number of months obtained by dividing the uncompensated value of disposed-of resources by the Federal benefit rate. Would apply to transfers of resources made on or after the date of enactment

## Loss of Benefits As Penalty for Fraud

Would add a new penalty of nonpayment of SSI and OASDI benefits for individuals found to have made a statement or representation of material fact for use in determining eligibility to disability benefits that the individual knew, or should have known, was false or misleading or omitted a material fact, or made such a statement with knowing disregard for the truth. The period of nonpayment would be 6 months for the first violation, 12 months

for the second, and 24 months for the third violation. Would require the Commissioner to consult with OIG before imposing penalty. Also would require SSA to publish regulations prescribing process for imposing penalties. Would be effective upon enactment.

### Exclusion of Attorneys and Physicians Convicted of Violations from Participation in Social Security Disability Programs

Would bar doctors and attorneys from SSI/DI disability programs if they are found to have helped commit fraud. Bar would be for 5 years, 10 years, and permanent exclusion for the first, second, and third offenses respectively. Would be effective with respect to violations and convictions occurring on or after the date of enactment.

### Annual Reviews by State Disability Determination Services of Professionals Conducting Consultative Examinations

Would require annual evaluation of doctors who conduct consultative exams for analysis of the thoroughness of the examinations and patterns of abuse. The findings would be required to be reported to the SSA OIG. First annual evaluations would be required to be completed by 12/31/99.

### Computer Matches With Medicare and Medicaid Institutionalization Data

Would require the Commissioner to conduct periodic matches with Medicare and Medicaid data held by the Secretary of HHS, and would permit the Commissioner to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected to last fewer than 3 months. Would be effective upon enactment.

### Access to Information Held by Financial Institutions

Would provide that the Commissioner may require SSI applicants and beneficiaries to provide authorization for SSA to obtain any and all financial records from any and all financial institutions. These authorizations would remain in effect, unless revoked in writing. Commissioner need not furnish to the financial institution copies of the authorizations or written certification of compliance with the provisions of the Right to Financial Privacy Act. Would be effective upon enactment.

### State Data Exchanges

Would deem the SSA's data privacy standards to meet all State standards for purposes of sharing data. Would be effective upon enactment.

### Study on Possible Measures To Improve Fraud Prevention

Would require the Commissioner in consultation with OIG and the Attorney General to undertake study to identify possible measures to reduce fraud and improve processing of beneficiaries' reported changes of income. Also requires a report to Congress on legislative and administrative recommendations in these areas. Report would be due 1 year after date of enactment.

### Annual Report on Amounts Necessary To Combat Fraud

Would require SSA to include in its annual budget an itemization of the amount of funds required to support efforts to combat fraud by applicants and beneficiaries. Would apply with respect to budgets for fiscal years after FY 1999. Would be first included in annual budget prepared for fiscal years after fiscal year 1999.

### Provision of Reduced SSI Benefits to Certain Individuals Who Provided Service to the Armed Forces of the United States in the Philippines During World War II After They Move Back to the Philippines

Would continue SSI benefits for certain individuals residing in the Philippines at 75 percent of the amount that they otherwise would receive in the United States if they are in the United States and eligible for SSI on both January 1, 1990, and the date of enactment. Individuals who would be eligible for benefits while they reside in the Philippines are individuals who, before August 15, 1945, served in the military forces of the Philippine Commonwealth or organized guerrilla forces while such forces were in the service of the United States Armed Forces. Would be effective upon enactment.



# LEGISLATIVE *Bulletin*

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106-5

May 24, 1999

## **Human Resources Subcommittee Marks Up H.R. 1802, the Foster Care Independence Act of 1999**

On May 20, 1999, the House Committee on Ways and Means, Subcommittee on Human Resources marked up and approved by voice vote H.R. 1802, the Foster Care Independence Act of 1999. The full Ways and Means Committee is expected to markup the bill on May 26, 1999.

The provisions included in title II of H.R.1802 are similar to language in H.R. 631, the SSI Fraud Prevention Act of 1999 (see Legislative Bulletin 106- 1).

Below are descriptions of the SSI and OASDI provisions in H.R. 1802, as reported by the Subcommittee.

### Liability of Representative Payees for Overpayment to Deceased Recipients

Would make a representative payee primarily liable for an SSI or OASDI overpayment caused by a payment made to a beneficiary who has died. Also would require SSA to establish an overpayment control record under the representative payee's Social Security number. Would be effective with respect to overpayments made 12 months or more after the date of enactment.

### Recovery of Overpayments of SSI Benefits from Lump Sum SSI Benefit Payments

Would require the Commissioner to recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump-sum or the amount of the overpayment, whichever is less. Would be effective 12 months after the date of enactment and apply to overpayment amounts outstanding on or after the effective date.

### Additional Debt Collection Practices

Would extend to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the OASDI program. Would apply to amounts of overpayments that are outstanding on or after the date of enactment.

### Requirement To Provide State Prisoner Information to Federal and Federally Assisted Benefit Programs

Would require the Commissioner to provide, on a reimbursable basis, information obtained under agreements with institutions for reporting prisoners to Federal or federally assisted cash, food, or medical assistance program. Would be effective upon enactment.

### Rules Relating to Collection of Overpayments from Individuals Convicted of Crimes

Would prohibit SSI and title II eligibility based on disability for 10 years if ex-fugitive or ex-prisoner knowingly fails to notify SSA at time of (re)application that he or she had received benefits erroneously while in prison or knowingly fails to comply with scheduled repayment of overpayment. The Commissioner would determine whether individual "knowingly failed" to notify or comply and would take into account the individual's mental or linguistic limitations if any. Also would eliminate waivers of recovery of overpayments caused by imprisonment and require SSA to continue collection efforts while prisoners are in jail. Would apply to overpayments made in, and to benefits payable for, months beginning 24 months or more after the date of enactment.

### Treatment of Assets Held in Trust Under the SSI Program

Would include in the countable resources of an individual for SSI purposes, the assets of any trust containing property transferred from the individual or spouse to the extent that the assets could be used for the benefit of either. Commissioner would be authorized to waive application of the provision in cases of undue hardship. Would exclude certain trusts (e.g., those established by will, or certain trusts that would repay the State the cost of services provided the beneficiary upon his or her death). Would apply to trusts established on or after January 1, 2000.

### Disposal of Resources for Less Than Fair Market Value Under the SSI Program

Would provide a penalty under the SSI program for the disposal of resources at less than fair market value. The penalty would be a loss of benefits for a number of months equal to the number of months obtained by dividing the uncompensated value of disposed-of resources by the Federal benefit rate plus the maximum State supplementary payment applicable to the individual's living arrangement. Would apply to disposal of resources made on or after the date of enactment.

### Administrative Procedure for Imposing Penalties for False or Misleading Statements

Would add a new penalty of nonpayment of SSI and OASDI benefits for individuals found to have made a statement or representation of material fact for use in determining eligibility

to disability benefits that the individual knew, or should have known, was false or misleading or omitted a material fact, or made such a statement with knowing disregard for the truth. The period of nonpayment would be 6 months for the first violation, 12 months for the second, and 24 months for the third violation. Would be effective with statements and representations made on or after the date of enactment.

#### Exclusion of Representatives and Health Care Providers Convicted of Violations from Participation in Social Security Disability Programs

Would bar representatives and health care providers from the SSI and OASDI programs if they are found to have helped commit fraud. Bar would be for 5 years, 10 years, and permanent exclusion for the first, second, and third offenses respectively. Would be effective with respect to violations and convictions occurring on or after the date of enactment.

#### State Data Exchanges

Would deem the SSA's data privacy standards to meet all State privacy standards for purposes of sharing data. Would be effective upon enactment.

#### Study on Possible Measures To Improve Fraud Prevention and Administrative Processing

Would require the Commissioner in consultation with OIG and the Attorney General to undertake a study to identify possible measures to reduce fraud and improve processing of beneficiaries' reported changes of income. Also requires a report to Congress on legislative and administrative recommendations in these areas. Report would be due not later than 1 year after date of enactment.

#### Annual Report on Amounts Necessary To Combat Fraud

Would require SSA to include in its annual budget an itemization of the amount of funds required to support efforts to combat fraud by applicants and beneficiaries. Would be effective with respect to annual budgets for fiscal years after FY 1999.

### Computer Matches With Medicare and Medicaid Institutionalization Data

Would require the Commissioner to conduct periodic matches with Medicare and Medicaid data held by the Secretary of HHS, and would permit the Commissioner to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected not to exceed 3 months. Would be effective upon enactment.

### Access to Information Held by Financial Institutions

Would provide that the Commissioner may require SSI applicants and beneficiaries to provide authorization for SSA to obtain any and all financial records from any and all financial institutions. These authorizations would remain in effect, unless revoked in writing. Commissioner need not furnish to the financial institution copies of the authorizations or written certification of compliance with the provisions of the Right to Financial Privacy Act. Refusal to provide, or revocation of, an authorization may result in ineligibility for SSI. Would be effective upon enactment.

### Provision of Reduced SSI Benefits to Certain Individuals Who Provided Service to the Armed Forces of the United States in the Philippines During World War II After They Move Back to the Philippines

Would continue SSI benefits at a reduced rate for certain Filipino veterans with U.S. Armed Forces service during World War II if they are eligible for SSI on the basis of an application filed prior to enactment and subsequently move to the Philippines. The continued SSI benefit would be based on 75 percent of the SSI Federal benefit rate. Income and resource rules would be modified to facilitate administration of this special benefit outside the 50 States and District of Columbia. Would be effective 12 months after enactment or earlier, if administratively feasible.



# LEGISLATIVE BULLETIN

106-9

July 6, 1999

## **House Passes H.R. 1802, The Foster Care Independence Act of 1999**

On June 25, 1999, the House of Representatives passed H.R. 1802, the Foster Care Independence Act of 1999. The bill includes provisions relating to foster care and the Social Security and SSI programs.

### **Social Security and SSI Provisions**

Title II of the bill includes Social Security and SSI provisions. There were three changes from the provisions approved by the House Committee on Ways and Means on May 26, 1999 (see Legislative Bulletin 106-8). Floor amendments modified the Ways and Means Committee bill by adding Medicaid protection to the assets held in trust provision, by expanding the Filipino veterans provision to include all World War II veterans, and by requiring SSA to undertake a study of family farmers who have been denied SSI benefits. Following are descriptions of the Social Security- and SSI-related provisions as passed by the House.

### **Liability of Representative Payees for Overpayment to Deceased Recipients**

Would make a representative payee liable for an SSI or OASDI overpayment caused by a payment made to a beneficiary who has died. Also would require SSA to establish an overpayment control record under the representative payee's Social Security number. Would be effective with respect to overpayments made 12 months or more after the date of enactment.

### **Recovery of Overpayments of SSI Benefits from Lump Sum SSI Benefit Payments**

Would require the Commissioner to recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump sum or the amount of the overpayment, whichever is less. Would be effective 12 months after the date of enactment and apply to overpayment amounts outstanding on or after the effective date.

### Additional Debt Collection Practices

Would extend to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the OASDI program. Would apply to amounts of overpayments that are outstanding on or after the date of enactment.

### Requirement To Provide State Prisoner Information to Federal and Federally Assisted Benefit Programs

Would require the Commissioner to provide, on a reimbursable basis, information obtained under agreements with institutions for reporting prisoners to Federal or federally assisted cash, food, or medical assistance program. Would be effective upon enactment.

### Rules Relating to Collection of Overpayments from Individuals Convicted of Crimes

Would prohibit SSI and OASDI eligibility based on disability for 10 years if ex-fugitive or ex-prisoner knowingly fails to notify SSA at time of (re)application that he or she had received benefits erroneously while in prison or knowingly fails to comply with scheduled repayment of overpayment. The Commissioner would determine whether individuals "knowingly failed" to notify or comply and would take into account the individual's mental or linguistic limitations if any. Also would eliminate waivers of recovery of overpayments caused by imprisonment and require SSA to continue collection efforts while prisoners are in jail. Would apply to overpayments made in, and to benefits payable for, months beginning 24 months or more after the date of enactment.

### Treatment of Assets Held in Trust under the SSI Program

Would include in the countable resources of an individual for SSI purposes, the assets of any trust containing property transferred from the individual or spouse to the extent that the assets could be used for the benefit of either. Commissioner would be authorized to waive application of the provision in cases of undue hardship. Would exclude certain trusts (e.g., those established by will, or certain trusts that would repay the State the cost of services provided the beneficiary upon his or her death). Would ensure that SSI beneficiaries who lose their payments because of assets held in trust will not automatically lose their Medicaid benefits. Would apply to trusts established on or after January 1, 2000.

### Disposal of Resources for Less than Fair Market Value under the SSI Program

Would provide a penalty under the SSI program for the disposal of resources at less than fair market value. The penalty would be a loss of benefits for a number of months equal to the number of months obtained by dividing the uncompensated value of disposed-of-resources by the Federal benefit rate plus the maximum State supplementary payment applicable to the individual's living arrangement. Would apply to disposal of resources made on or after the date of enactment.

#### Administrative Procedure for Imposing Penalties for False or Misleading Statement

Would add a new penalty of nonpayment of SSI and/or OASDI benefits for individuals found to have made a statement or representation of material fact for use in determining eligibility for benefits under the Social Security and SSI programs that the individual knew, or should have known, was false or misleading or omitted a material fact, or made such a statement with knowing disregard for the truth. The period of nonpayment would be 6 months for the first violation, 12 months for the second, and 24 months for the third violation. Would be effective with statements and representations made on or after the date of enactment.

#### Exclusion of Representatives and Health Care Providers Convicted of Violations from Participation in Social Security Disability Programs

Would bar representatives and health care providers from the SSI and OASDI programs if they are found to have helped commit fraud. Bar would be for 5 years, 10 years, and permanent exclusion for the first, second, and third offenses respectively. Would be effective with respect to violations and convictions occurring on or after the date of enactment.

#### State Data Exchanges

Would deem the SSA's data privacy standards to meet all State privacy standards for purposes of sharing data. Would be effective upon enactment.

### Study on Possible Measures to Improve Fraud Prevention and Administrative Processing

Would require the Commissioner in consultation with OIG and the Attorney General to undertake a study to identify possible measures to reduce fraud and improve processing of beneficiaries' reported changes of income. Also requires a report to Congress on legislative and administrative recommendations in these areas. Report would be due not later than 1 year after date of enactment.

### Annual Report on Amounts Necessary To Combat Fraud

Would require SSA to include in its annual budget an itemization of the amount of funds required to support efforts to combat fraud by applicants and beneficiaries. Would be effective with respect to annual budgets for fiscal years after FY 1999.

### Computer Matches with Medicare and Medicaid Institutionalization Data

Would require the Commissioner to conduct periodic matches with Medicare and Medicaid data held by the Secretary of HHS, and would permit the Commissioner to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected not to exceed 3 months. Would be effective upon enactment.

### Access to Information Held by Financial Institutions

Would provide that the Commissioner may require SSI applicants and beneficiaries to provide authorization for SSA to obtain any and all financial records from any and all financial institutions. These authorizations would remain in effect, unless revoked in writing. Commissioner need not furnish to the financial institution copies of the authorizations or written certification of compliance with the provisions of the Right to Financial Privacy Act. Refusal to provide, or revocation of, an authorization may result in ineligibility for SSI. Would be effective upon enactment.

### Special Benefits for Certain World War II Veterans

Would establish a new title VIII of the Social Security Act, which would entitle every individual who is a "qualified individual" to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or sooner, if administratively feasible) that such individual resides outside of the 50 States, District of Columbia, and the Northern Mariana Islands. A "qualified individual"

would be defined as an individual: who is a World War II veteran aged 65 or older who is eligible for SSI in both the month of enactment and the month in which he or she files an application for the special benefits; whose total "benefit income" is less than 75 percent of the SSI Federal benefit rate (FBR); who has filed an application for special benefits; and, who is fully compliant with all other requirements for special benefits imposed by the Commissioner.

Would provide that the amount of the special benefit for a month would be an amount equal to 75 percent of the SSI FBR, minus the amount of the individual's "benefit income" for such month. "Benefit income" would be any recurring payment received by an individual as an annuity, pension, retirement or disability benefit, but only if it were received during the 12-month period immediately preceding an individual's application for special benefits.

Would authorize the Commissioner to prescribe regulations to make administrative arrangements necessary to carry out the special benefit program. Also would authorize the Commissioner to determine when and how benefits would be paid, and provides the authority for redetermining eligibility and suspending benefits under specified conditions.

Would appropriate such sums as necessary to carry out the special benefit program beginning with fiscal year 2001. Would also make conforming amendments for reimbursing the Social Security trust funds for administrative expenses, adding the special benefit program to the programs under the auspices of the Social Security Advisory Board, making civil monetary penalty provisions applicable to the special benefit program, and authorizing recovery of SSI overpayments from special benefits.

#### Study of Denial of SSI Benefits for Family Farmers

Would require the Commissioner to study the reasons why family farmers with resources of under \$100,000 are denied SSI benefits, including whether the deeming policies discriminate against family farmers. The study would include the number of family farmers who have been denied benefits in each of the past 10 years. The Commissioner would be required to submit a report to Congress with the results of the study within 1 year after enactment.

#### Foster Care Provisions

Title I of the bill would provide States with flexible funding to help children who are likely to "age out" of foster care at age 18 to obtain employment or continue their education. States would promote the self-sufficiency of these young people

by providing assistance in obtaining a high school diploma, post-secondary education, career exploration, housing, vocational training, job placement and retention, training in budgeting, substance abuse prevention education, and education in preventive health measures including smoking avoidance, nutrition education, and pregnancy prevention. In addition, Medicaid law would be changed to permit States to provide Medicaid coverage to those 18-, 19-, and 20-year olds who have left foster care. States would also be permitted to use means testing to provide Medicaid to former foster care youths if their income and resources are below certain specified levels.



# LEGISLATIVE *BULLETIN*

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106-12

November 24, 1999

## **Congress Passes H.R. 3443 The Foster Care Independence Act of 1999**

On November 18, 1999, the House of Representatives passed H.R. 3443, the "Foster Care Independence Act of 1999" by unanimous consent. The Senate passed H.R. 3443, also by unanimous consent, on November 19, 1999. The bill includes provisions relating to foster care and the OASDI and SSI programs, and establishes a new title VIII of the Social Security Act for providing special cash benefits to certain World War II veterans. The President is expected to sign the bill.

### **OASDI And SSI PROVISIONS**

Title II of the bill includes OASDI and SSI provisions. H.R. 3443 incorporates technical changes suggested by SSA in a previously House-passed foster care bill, H.R. 1802 (Legislative Bulletin 106-9). A provision in H.R. 1802 that was not included in H.R. 3443 would have prohibited OASDI and SSI eligibility based on disability for 10 years if ex-fugitive or ex-prisoner knowingly fails to notify SSA at time of (re)application that he or she had received benefits erroneously while in prison or knowingly fails to comply with scheduled repayment of overpayment.

Following are descriptions of the provisions in H.R. 3443 relating to SSA-administered programs and a summary of the foster care provisions.

#### **Liability of Representative Payees for Overpayment to Deceased Recipients (Section 201)**

- Makes a representative payee liable for an OASDI or SSI overpayment caused by a payment made to a beneficiary who has died. Also requires SSA to establish an overpayment control record under the representative payee's Social Security number.
- Effective with respect to overpayments made 12 months or more after the date of enactment.

### **Recovery of Overpayments of SSI Benefits From Lump Sum SSI Benefit Payments (Section 202)**

- Requires the Commissioner to recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump sum or the amount of the overpayment, whichever is less.
- Effective 12 months after the date of enactment and applies to overpayment amounts that are outstanding on or after the effective date.

### **Additional Debt Collection Practices (Section 203)**

- Extends to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the OASDI program.
- Applies to overpayment amounts that are outstanding on or after the date of enactment.

### **Requirement To Provide State Prisoner Information to Federal and Federally Assisted Benefit Programs (Section 204)**

- Requires the Commissioner to provide, on a reimbursable basis, information obtained under agreements with institutions for reporting prisoners to Federal or federally assisted cash, food, or medical assistance programs.
- Effective upon enactment.

### **Treatment of Assets Held in Trust Under the SSI Program (Section 205)**

- Includes in the countable resources of an individual for SSI purposes, the assets of any trust containing property transferred that the assets could be used for the benefit of either. Any earnings of, or additions to, the corpus of such a trust would be counted as the individual's income. The Commissioner is authorized to waive application of the provision in cases of undue hardship.
- Excludes certain trusts (e.g., those established by will, or trusts that would repay the State the cost of services provided the beneficiary upon his or her death).
- Ensures that SSI beneficiaries who lose their SSI benefits because of assets held in trust will not automatically lose their Medicaid benefits.
- Applies to trusts established on or after January 1, 2000.

### **Disposal of Resources for Less Than Fair Market Value Under the SSI Program (Section 206)**

- Provides a penalty under the SSI program for the disposal of resources at less than fair market value. The penalty is a loss of benefits for a number of months (up to a 36-month maximum) obtained by dividing the uncompensated value of disposed-of resources by the Federal benefit rate plus the maximum State supplementary payment, if any, applicable to the individual's living arrangement.
- Applies to disposal of resources made on or after the date of enactment.

### **Administrative Procedure for Imposing Penalties for False or Misleading Statement (Section 207)**

- Adds a new penalty of nonpayment of OASDI and SSI benefits for individuals found to have made a statement or representation of material fact for use in determining eligibility for benefits under the OASDI and SSI programs that the individual knew, or should have known, was false or misleading or omitted a material fact. The period of nonpayment is 6 months for the first violation, 12 months for the second, and 24 months for the third violation. Requires the Commissioner to develop regulations within 6 months to carry out the provision. Also deletes the current-law SSI provision that denies benefits for 10 years for an individual convicted of making a fraudulent statement in order to collect assistance payments simultaneously in two or more States.
- Effective with statements and representations made on or after the date of enactment.

### **Exclusion of Representatives and Health Care Providers Convicted of Violations From Participation in Social Security Disability Programs (Section 208)**

- Bars representatives and health care providers from the OASDI and SSI programs if they were found to have helped commit fraud. Bar would be for 5 years, 10 years, and permanent exclusion for the first, second, and third offenses respectively.
- Effective with respect to violations and convictions occurring on or after the date of enactment.

### State Data Exchanges (Section 209)

- Deem the SSA's data privacy standards to meet all State privacy standards for purposes of sharing data.
- Effective upon enactment.

### Study on Possible Measures To Improve Fraud Prevention and Administrative Processing (Section 210)

- Requires the Commissioner in consultation with the OIG and the Attorney General to undertake a study to identify possible measures to reduce fraud for those receiving OASDI based on disability and all SSI beneficiaries and to improve processing of those beneficiaries' reported changes of income. Also requires a report to the House Committee on Ways and Means and the Senate Finance Committee on legislative and administrative recommendations in these areas.
- Report would be due not later than 1 year after date of enactment.

### Annual Report on Amounts Necessary To Combat Fraud (Section 211)

- Requires SSA to include in its annual budget an itemization of the amount of funds required to support efforts to combat fraud by applicants and beneficiaries.
- Effective with respect to annual budgets for fiscal years after fiscal year 1999.

### Computer Matches with Medicare and Medicaid Institutionalization Data (Section 212)

- Requires the Commissioner to conduct periodic matches with Medicare and Medicaid data held by the Secretary of HHS, and permits the Commissioner to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected not to exceed 3 months.
- Effective upon enactment.

### Access to Information Held by Financial Institutions (Section 213)

- Provides that the Commissioner may require SSI applicants and beneficiaries to provide authorization for SSA to obtain any and all financial records from any and all financial institutions. These authorizations would remain in effect, unless revoked in writing.

The Commissioner need not furnish to the financial institution copies of the authorizations or written certification of compliance with the provisions of the Right to Financial Privacy Act. Refusal to provide, or revocation of, an authorization may result in ineligibility for SSI.

- Effective upon enactment.

### **Special Benefits for Certain World War II Veterans (Section 251)**

- Establishes a new title VIII of the Social Security Act, that would entitle every individual who is a "qualified individual" to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or sooner, if administratively feasible) that such individual resides outside of the 50 States, District of Columbia, and the Northern Mariana Islands. A "qualified individual" is defined as an individual: who is a World War II veteran aged 65 or older who is eligible for SSI in both the month of enactment and the month in which he or she files an application for the special benefits; whose total "benefit income" is less than 75 percent of the SSI Federal benefit rate (FBR); who has filed an application for special benefits; and, who is fully compliant with all other requirements for special benefits imposed by the Commissioner.
- Provides that the amount of the special benefit for a month would be an amount equal to 75 percent of the SSI FBR, minus the amount of the individual's "benefit income" for such month. "Benefit income" is any recurring payment received by an individual as an annuity, pension, retirement or disability benefit, but only if it were received during the 12-month period immediately preceding an individual's application for special benefits.
- Authorizes the Commissioner to prescribe regulations to make administrative arrangements necessary to carry out the special benefit program. Also authorizes the Commissioner to determine when and how benefits would be paid, and provides the authority for redetermining eligibility and suspending and terminating benefits under specified conditions.
- Appropriates such sums as necessary to carry out the special benefit program beginning with fiscal year 2000.
- Also makes conforming amendments for reimbursing the Social Security trust funds for administrative expenses, adding the special benefit program to the programs under the auspices of the Social Security Advisory Board, making civil monetary penalty provisions applicable to the special benefit program, and authorizing recovery of SSI and OASDI overpayments from special benefits.

### **Study of Denial of SSI Benefits for Family Farmers (Section 261)**

- Requires the Commissioner to study the reasons why family farmers with resources of under \$100,000 are denied SSI benefits, including whether the deeming policies discriminate against family farmers. The study would include the number of family farmers who have been denied benefits in each of the past 10 years. The Commissioner is required to submit a report to the House Ways and Means Committee and Senate Finance Committee with the results of the study within 1 year.

## FOSTER CARE PROVISIONS

- Title I of the bill provides States with flexible funding to help children who are likely to "age out" of foster care at age 18 to obtain employment or continue their education. States would promote the self-sufficiency of these young people by providing assistance in obtaining a high school diploma, post-secondary education, career exploration, housing, vocational training, job placement and retention, training in budgeting, substance abuse prevention education, and education in preventive health measures including smoking avoidance, nutrition education, and pregnancy prevention.
- Title I also increases the current-law resource limit of \$1,000 to \$10,000 for the purpose of determining a child's eligibility for Federal foster care payments.
- Changes in the Medicaid law permit States to provide Medicaid coverage to those 18-, 19-, and 20-year olds who have left foster care. States would also be permitted to use means testing to provide Medicaid to former foster care youths if their income and resources are below certain specified levels.
- Title I of the bill increases funding for adoption incentive payments.



# LEGISLATIVE

## *Bulletin*

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106-14

December 17, 1999

### **President Clinton Signs H.R. 3443, The Foster Care Independence Act of 1999**

On December 14, 1999, the President signed into law the Foster Care Independence Act of 1999, Public Law 106-169. The law includes provisions relating to foster care and the OASDI and SSI programs, and establishes a new title VIII of the Social Security Act for providing special cash benefits to certain World War II veterans.

#### **OASDI and SSI Provisions**

Title II of the bill includes OASDI and SSI provisions. H.R. 3443 incorporates technical changes suggested by SSA in a previously House-passed foster care bill, H.R. 1802 (Legislative Bulletin 106-9). A provision in H.R. 1802 that was not included in H.R. 3443 would have prohibited OASDI and SSI eligibility based on disability for 10 years if ex-fugitive or ex-prisoner knowingly fails to notify SSA at time of (re)application that he or she had received benefits erroneously while in prison or knowingly fails to comply with scheduled repayment of overpayment.

Following are descriptions of the provisions in H.R. 3443 relating to SSA-administered programs and a summary of the foster care provisions.

#### Liability of Representative Payees for Overpayment to Deceased Recipients (Section 201)

- Makes a representative payee liable for an OASDI or SSI overpayment caused by a payment made to a beneficiary who has died. Also requires SSA to establish an overpayment control record under the representative payee's Social Security number.
- Effective with respect to overpayments made 12 months or more after the date of enactment.

#### Recovery of Overpayments of SSI Benefits From Lump Sum SSI Benefit Payments (Section 202)

- Requires the Commissioner to recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump sum or the amount of the overpayment, whichever is less.
- Effective 12 months after the date of enactment and applies to overpayment amounts that are outstanding on or after the effective date.

#### Additional Debt Collection Practices (Section 203)

- Extends to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the OASDI program.
- Applies to overpayment amounts that are outstanding on or after the date of enactment.

#### Requirement To Provide State Prisoner Information to Federal and Federally Assisted Benefit Programs (Section 204)

- Requires the Commissioner to provide, on a reimbursable basis, information obtained under agreements with institutions for reporting prisoners to Federal or federally assisted cash, food, or medical assistance programs.
- Effective upon enactment.

#### Treatment of Assets Held in Trust Under the SSI Program (Section 205)

- Includes in the countable resources of an individual for SSI purposes, the assets of any trust containing property transferred from the individual or spouse to the extent that the assets could be used for the benefit of either. Any earnings of, or additions to, the corpus of such a trust would be counted as the individual's income. The Commissioner is authorized to waive application of the provision in cases of undue hardship. Excludes certain trusts (e.g., those established by will, or trusts that would repay the State the cost of services provided the beneficiary upon his or her death). Ensures that SSI beneficiaries who lose their SSI benefits because of assets held in trust will not automatically lose their Medicaid benefits.
- Applies to trusts established on or after January 1, 2000.

#### Disposal of Resources for Less Than Fair Market Value Under the SSI Program (Section 206)

- Provides a penalty under the SSI program for the disposal of resources at less than fair market value. The penalty is a loss of benefits for a number of months (up to a 36-month maximum) obtained by dividing the uncompensated value of disposed-of-resources by the Federal benefit rate plus the maximum State supplementary payment, if any, applicable to the individual's living arrangement.
- Applies to disposal of resources made on or after the date of enactment.

Administrative Procedure for Imposing Penalties for False or Misleading Statement (Section 207)

- Adds a new penalty of nonpayment of OASDI and SSI benefits for individuals found to have made a statement or representation of material fact for use in determining eligibility for benefits under the OASDI and SSI programs that the individual knew, or should have known, was false or misleading or omitted a material fact. The period of nonpayment is 6 months for the first violation, 12 months for the second, and 24 months for the third violation. Requires the Commissioner to develop regulations within 6 months to carry out the provision. Also deletes the current-law SSI provision that denies benefits for 10 years for an individual convicted of making a fraudulent statement in order to collect assistance payments simultaneously in two or more States.
- Effective with statements and representations made on or after the date of enactment.

Exclusion of Representatives and Health Care Providers Convicted of Violations From Participation in Social Security Disability Programs (Section 208)

- Bars representatives and health care providers from the OASDI and SSI programs if they were found to have helped commit fraud. Bar would be for 5 years, 10 years, and permanent exclusion for the first, second, and third offenses respectively.
- Effective with respect to violations and convictions occurring on or after the date of enactment.

State Data Exchanges (Section 209)

- Deem the SSA's data privacy standards to meet all State privacy standards for purposes of sharing data.
- Effective upon enactment.

#### Study on Possible Measures To Improve Fraud Prevention and Administrative Processing (Section 210)

- Requires the Commissioner in consultation with the OIG and the Attorney General to undertake a study to identify possible measures to reduce fraud for those receiving OASDI based on disability and all SSI beneficiaries and to improve processing of those beneficiaries' reported changes of income. Also requires a report to the House Committee on Ways and Means and the Senate Finance Committee on legislative and administrative recommendations in these areas.
- Report would be due not later than 1 year after date of enactment.

#### Annual Report on Amounts Necessary To Combat Fraud (Section 211)

- Requires SSA to include in its annual budget an itemization of the amount of funds required to support efforts to combat fraud by applicants and beneficiaries.
- Effective with respect to annual budgets for fiscal years after fiscal year 1999.

#### Computer Matches with Medicare and Medicaid Institutionalization Data (Section 212)

- Requires the Commissioner to conduct periodic matches with Medicare and Medicaid data held by the Secretary of HHS, and permits the Commissioner to substitute information from the matches for the physician's certification otherwise required in order to maintain the full benefit level of an individual whose institutionalization is expected not to exceed 3 months.
- Effective upon enactment.

#### Access to Information Held by Financial Institutions (Section 213)

- Provides that the Commissioner may require SSI applicants and beneficiaries to provide authorization for SSA to obtain any and all financial records from any and all financial institutions. These authorizations would remain in effect,

unless revoked in writing. The Commissioner need not furnish to the financial institution copies of the authorizations or written certification of compliance with the provisions of the Right to Financial Privacy Act. Refusal to provide, or revocation of, an authorization may result in ineligibility for SSI.

- Effective upon enactment.

#### Special Benefits for Certain World War II Veterans (Section 251)

- Establishes a new title VIII of the Social Security Act, that would entitle every individual who is a "qualified individual" to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or sooner, if administratively feasible) that such individual resides outside of the 50 States, District of Columbia, and the Northern Mariana Islands. A "qualified individual" is defined as an individual: who is a World War II veteran aged 65 or older who is eligible for SSI in both the month of enactment and the month in which he or she files an application for the special benefits; whose total "benefit income" is less than 75 percent of the SSI Federal benefit rate (FBR); who has filed an application for special benefits; and, who is fully compliant with all other requirements for special benefits imposed by the Commissioner.
- Provides that the amount of the special benefit for a month would be an amount equal to 75 percent of the SSI FBR, minus the amount of the individual's "benefit income" for such month. "Benefit income" is any recurring payment received by an individual as an annuity, pension, retirement or disability benefit, but only if it were received during the 12-month period immediately preceding an individual's application for special benefits.
- Authorizes the Commissioner to prescribe regulations to make administrative arrangements necessary to carry out the special benefit program. Also authorizes the Commissioner to determine when and how benefits would be paid, and provides the authority for redetermining eligibility and suspending and terminating benefits under specified conditions.
- Appropriates such sums as necessary to carry out the special benefit program beginning with fiscal year 2000.
- Also makes conforming amendments for reimbursing the Social Security trust funds for administrative expenses, adding the special benefit program to the programs under the auspices of the Social Security Advisory Board, making civil monetary penalty provisions applicable to the special benefit program,

and authorizing recovery of SSI and OASDI overpayments from special benefits.

### Study of Denial of SSI Benefits for Family Farmers (Section 261)

- Requires the Commissioner to study the reasons why family farmers with resources of under \$100,000 are denied SSI benefits, including whether the deeming policies discriminate against family farmers. The study would include the number of family farmers who have been denied benefits in each of the past 10 years. The Commissioner is required to submit a report to the House Ways and Means Committee and Senate Finance Committee with the results of the study within 1 year.

### **Foster Care Provisions**

- Title I of the bill provides States with flexible funding to help children who are likely to "age out" of foster care at age 18 to obtain employment or continue their education. States would promote the self-sufficiency of these young people by providing assistance in obtaining a high school diploma, post-secondary education, career exploration, housing, vocational training, job placement and retention, training in budgeting, substance abuse prevention education, and education in preventive health measures including smoking avoidance, nutrition education, and pregnancy prevention.
- Title I also increases the current-law resource limit of \$1,000 to \$10,000 for the purpose of determining a child's eligibility for Federal foster care payments.
- Changes in the Medicaid law permits States to provide Medicaid coverage to those 18-, 19-, and 20-year olds who have left foster care. States would also be permitted to use means testing to provide Medicaid to former foster care youths if their income and resources are below certain specified levels.
- Title I of the bill increases funding for adoption incentive payments.