
SUPPLEMENTAL SECURITY INCOME DISABILITY
BENEFITS

OCTOBER 10 (legislative day, SEPTEMBER 28), 1978.—Ordered to be printed

Mr. LONG, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 12972]

The Committee on Finance, to which was referred the bill (H.R. 12972) to amend title XVI of the Social Security Act to remove certain work disincentives for the disabled under the supplemental security income program, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY OF THE BILL

Special benefit for individuals who perform substantial gainful activity despite severe impairment.—H.R. 12972 as amended by the committee would provide for continued eligibility for medicaid and social services for severely disabled SSI recipients who lose SSI eligibility as the result of employment at earnings above the “substantial gainful activity” (SGA) level (currently \$240 a month). Under the committee bill, individuals who become ineligible for SSI benefits because of performance of “substantial gainful activity”, but who otherwise continue to meet the SSI eligibility requirements, including the medical criteria established by the Secretary of Health, Education, and Welfare for use in determining whether an individual is disabled without a vocational evaluation, would be paid a special monthly benefit of \$10 a month. This special benefit would entitle recipients to medicaid and social services, as is the case under current law for regular SSI benefits.

In addition, individuals who receive this special benefit but whose earnings reach the “breakeven point” for Federal benefits (currently \$443 a month), could continue to receive the payment, and continue to be eligible for medicaid and social services, if the Secretary determined that the loss of these benefits would make it impossible for the individual to continue his employment.

The committee amendment also provides that in the case of an individual who becomes eligible for SSI on the basis of medical criteria, and who subsequently seeks or obtains employment, the Secretary shall disregard from that person's income, for purposes of determining SGA, such amounts of earned income as may be necessary and reasonable to pay the costs of needed attendant care, provided that in the Secretary's judgment such individual's disability is sufficiently severe and of such a nature as to result in a functional limitation requiring personal assistance in order for him to work, whether or not such assistance is also needed to carry out his normal daily activities.

These provisions would be effective beginning January 1, 1979, to October 1, 1981.

Requirement for HEW recommendations.—The committee also included a provision directing the Secretary of Health, Education, and Welfare to report to Congress not later than March 15, 1979, on other actions that he would recommend to deal adequately and responsibly with the situation of disabled persons receiving Social Security Act benefits who wish to engage in gainful employment.

II. GENERAL DISCUSSION OF THE BILL

In recent years there has been serious and growing concern about the two disability programs administered by the Social Security Administration. These programs—Disability Insurance (DI) under title II of the Social Security Act and Supplemental Security Income (SSI) disability under title XVI—employ the same definition of disability and also use the same administrative mechanisms and procedures. There has been increasing criticism of the programs for weaknesses in administration. In addition, questions have been raised about the appropriateness of the definition, and about the failure of the programs to remove individuals from disability status through rehabilitation and movement into employment.

A matter of particular concern is the fact that these programs operate in such a way as to actually discourage recipients from seeking employment. This work disincentive problem arises from the basic nature of the programs which define "disability" not by medical severity but rather in terms of incapacity for significant employment ("substantial gainful activity" or SGA). If an individual who has a very severe handicap does successfully perform any significant work activity, he has demonstrated that he no longer lacks the capacity for work. While he is permitted a 9-month trial work period during which he continues to receive benefits, after this period he may be found ineligible. While his increased earnings will at least partially offset his loss of cash benefits, an SSI recipient may also face the loss of medicaid and social services since eligibility for those programs is generally tied to eligibility for at least \$1 of SSI benefits. (Similarly, an individual who becomes ineligible for DI benefits also loses medicare eligibility.) Thus a severely disabled recipient contemplating the possibility of working may face a combined loss of benefits under the other programs which significantly outweigh the potential gain from earnings.

The committee is deeply concerned about the disincentive features of the existing programs both because of their perverse effects on attempts to reduce the cost of the program and because of the hardships they impose on severely disabled people who have the desire and motivation to seek a more independent life through work effort.

At the same time, however, the committee is keenly aware that the disincentives to employment arise from the basic nature of the programs as explained above. The committee feels it is necessary to move with great care in addressing those disincentives to avoid making unintended and undesirable changes in the fundamental scope and purposes of the programs. For this reason the committee cannot recommend the approach contained in the bill as passed by the House of Representatives.

The House-passed bill would have introduced into the SSI disability program the concept of "disregarding" each individual's itemized work expenses both for benefit computation and disability determination purposes, and it would also have effectively and significantly liberalized the basic definition of disability under the SSI program. While these changes would have lessened the work disincentives for some individuals, they would also have changed the nature of the SSI disability program in ways which the committee believes are undesirable. The use of specific itemized work expenses would lead to frequent situations in which an individual's eligibility for substantial benefits under the medicaid and social services program would hinge on minor variations in work expenses having little or no relationship to his degree of disability or capacity for employment. The effective change in the definition of disability could have changed the program from one in which benefits are intended to be provided only for persons with disabilities severe enough to be generally considered as total or near-total disabilities into one in which benefits are also provided for partial disabilities. Thus, while the expressed intent of the House bill is to be to remove disincentives for severely disabled persons to seek independence through employment, its result could well have been to increase dependency among less severely disabled individuals.

At the same time, the committee is convinced that ways can be found to remedy the work disincentive features of the disability programs without incurring the risks which seem to be inherent in the approach suggested by the House bill. Several encouraging proposals have been developed in the early stages of legislative consideration of this issue in connection with the disability insurance program under title II of the Social Security Act. The administration, which testified in strong opposition to the approach of the House bill in hearings before the Senate Subcommittee on Public Assistance, has indicated that it will be ready to make legislative recommendations to deal with this issue early next year on the basis of a study which has been undertaken by a special task force which it created to address the question of how to improve the Social Security Act disability programs.

The committee generally believes that it would be desirable to give the proposals now being developed the full and careful consideration which will only be possible by deferring action on any comprehensive changes until the next Congress. Nevertheless, the committee recognizes that, for the affected individuals, the problem of work disincentives is a matter of considerable urgency. Accordingly, the committee has developed a proposal which can be implemented quickly on a three year trial basis to deal with the most serious disincentive problems without prejudicing the ability of the Congress to act upon further proposals in the next Congress and without involving the risk inherent in the House bill of substantial increases in the number of recipients.

SPECIAL BENEFITS PROVISION

(Section 1 of the bill)

The most serious disincentive facing severely disabled individuals who attempt to return to gainful employment is the precipitous loss of medicaid and social services benefits at the point where they lose eligibility for supplemental security income benefits. The bill resolves this problem by providing that a severely disabled individual who loses his eligibility for regular supplemental security income benefits because he has returned to work will become eligible for a special \$10 monthly benefit. Eligibility for this benefit will be considered to be the same as eligibility for supplemental security income for purposes of maintaining the individual's medicaid and social services coverage.

The special SSI benefit and the concomitant eligibility for other programs will continue until the individual's earnings reach the point at which his benefit amount would have been reduced to zero under the regular benefit computation formula (however, he must continue to have a severe medical disability and to meet all non-disability eligibility requirements.) When the individual's income exceeds the amount which would cause a regular benefit to be reduced to zero, the special benefit will be terminated unless the Secretary finds that the termination of the benefits and the loss of medicaid and social services eligibility would make it impossible for the individual to retain his employment. In any case, benefit eligibility will cease at the point where the individual's earnings provide at least an equivalent of the combined benefits he would otherwise receive from the SSI, medicaid, and social services programs.

DISREGARD OF ATTENDANT CARE COSTS IN DETERMINING
SUBSTANTIAL GAINFUL ACTIVITY

(Section 2 of the bill)

The committee bill also modifies the way in which the definition of disability is applied in determining whether a severely disabled recipient has demonstrated capacity for substantial gainful activity (and therefore shown himself to be ineligible) by reason of work activity. If the individual has a functional limitation which requires that he have personal assistance in order to work, the amount which he must pay for attendant care will be disregarded in determining whether his earnings constitute substantial gainful activity. This disregarded will be used even if the attendant care would be necessary to the individual's normal daily activities even if he were not disabled.

REPORT TO CONGRESS

(Section 3 of the bill)

The committee bill requires the Secretary of Health, Education, and Welfare to submit a report to the Congress no later than next March 15 with recommendations for legislation and other appropriate action to deal with problems which exist when disabled individuals seek to become independent through employment. Although the committee recognizes that only a few months remain before this deadline, the ad-

ministration is known to already be well along in its study of this subject. The committee wishes to indicate the significance which it attaches to meeting this problem by giving that administration study a firm legislative base.

OVERALL IMPACT OF THE LEGISLATION

The committee is convinced that the amendments it has recommended in this bill represent a very substantial answer to the problem of work disincentives for the severely disabled and a commitment to the development of further measures to deal with that problem. At the same time, the committee emphasizes that the provisions of this bill are carefully designed to avoid unintended and undesirable results for the following reasons.

The bill makes no change in the basic definition of disability nor in the way that definition is applied in determining initial eligibility. Thus, there can be no possibility that the bill will result in adding less severely disabled individuals to the benefit rolls.

The bill is strictly limited to individuals who have very severe disabilities. These are persons who have medical conditions which, under the regulations of the Secretary, permit a finding of disability without the necessity for a vocational evaluation. In the terminology used by the administration, the bill would be limited to persons who meet or equal the medical listings in the regulations. (See the section below entitled "Additional Information About SSI Disability".)

The bill is effective only for the period through September 30, 1981. This will allow ample time to assess the success of the new provisions in reducing work disincentives and to consider any problems of administration which may arise. The limited time period also makes clear the committee's intent to take further action in the disability area and, perhaps, modify some of the provisions of this bill if more effective ways of dealing with the problem are developed over the next year or two.

ADDITIONAL INFORMATION ABOUT SSI DISABILITY

The definition of disability.—The Social Security Act under present law uses an identical definition of disability for purposes of both the disability insurance program under title II of the Act and the SSI disability assistance program under title XVI of the Act.

The definition in the law reads as follows:

SEC. 1614. (a) * * *

(3)(A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months (or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity).

(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or

mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), "work which exists in the national economy" means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (2), shall be found not to be disabled.

This definition does not establish any level of severity of an individual's medical condition as a test of whether or not he is disabled. Instead, the definition requires that there be present some medically determinable impairment and that that impairment be found to preclude the individual from engaging in "substantial gainful activity." The concept of "substantial gainful activity" is, therefore, a key element in the definition of disability. Two individuals with identical medical conditions might properly receive different decisions as to whether or not they are disabled. Considering each individual's vocational background (education, experience, etc.), one may reasonably be found able to get a job at the substantial gainful activity level while the other may not.

Although the definition of disability in the Act does not prescribe the severity of impairments for purposes of determining disability, the administering agency does utilize certain presumptive rules which are related to severity of impairments. Four levels of severity are recognized:

1. *Slight impairment.*—Certain medical conditions are so minimally disabling that the agency presumes they could in no case prevent an individual from engaging in substantial gainful activity. Claims are therefore denied without any actual assessment of the question of whether the individual can or cannot engage in substantial gainful activity. This concept is, however, not well defined and there appears to be a significant difference in how it has been applied at different times. (See table 1).

2. *Meets the listings.*—Certain disabilities are so severe medically that the agency presumes that they preclude any individual from engaging in substantial gainful activity. This presumption permits a claim to be allowed without the necessity for a specific individualized finding of whether the individual is or is not capable of performing substantial gainful activity. However, an individual whose disability falls in this category will be denied or terminated if he does, in fact, engage in employment which constitutes substantial gainful activity. This presumption is the most clearly defined area of disability determination since it is based on "listings" of very specific medical conditions which are set forth in great detail in agency regulations.

3. *Equals the listings.*—The agency permits the same presumptions as in the "meets the listings" category to be applied where the persons adjudicating the claim find a medical impairment which is not included in the listings but which is, in their judgment, of sufficient severity

TABLE 1.—PERCENTAGE DISTRIBUTION OF DISABLED ADULTS DENIED SSI PAYMENTS BY REASON FOR DENIAL, JANUARY 1974 TO JULY 1975 AND JANUARY TO DECEMBER 1977

| Reason for denial | January 1974 to July 1975 | January- December 1977 |
|--|---------------------------------|------------------------------|
| Total..... | 100.0 | 100.0 |
| Excess countable income..... | 13.1 | 13.3 |
| Inmate of public institution..... | 1.1 | .8 |
| Applicant is outside United States..... | (¹) | (¹) |
| Excess resources..... | 5.5 | 4.4 |
| Failed to file for other benefits..... | .1 | .1 |
| Not a citizen or lawfully admitted alien... | (¹) | .1 |
| Medical development..... | 74.9 | 76.6 |
| Capacity for substantial gainful activity..... | 46.3 | 30.6 |
| Employed despite impairment..... | .9 | .6 |
| Lack of severity of impairment..... | 14.8 | 30.5 |
| Impairment not expected to last 12 months..... | 6.3 | 8.5 |
| Insufficient medical evidence..... | 6.5 | 6.3 |
| Applicant refuses prescribed treatment without good cause..... | (¹) | (¹) |
| Voluntary withdrawal from program..... | 1.0 | .8 |
| Failure to pursue claim..... | 4.1 | 3.5 |
| Other..... | .1 | .4 |

¹ Less than 0.5 percent.

Source: Data provided by Social Security Administration.

TABLE 2.—NUMBER AND PERCENTAGE DISTRIBUTION OF BLIND AND DISABLED ADULTS AWARDED
FEDERALLY ADMINISTERED SSI PAYMENTS, BY BASIS FOR ADJUDICATION AND DIAGNOSTIC GROUP, 1975

| Diagnostic group | Total | Impairment meets level of severity in listings | Impairment equals level of severity in listings | Medical and vocational consideration | Medical, vocational consideration (older and unskilled) |
|--|---------|---|--|--|---|
| Total number ¹ | 356,892 | 105,092 | 158,019 | 92,545 | 1,236 |
| Total percent..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Infective and parasitic diseases..... | 1.6 | 1.8 | 1.7 | 1.2 | .1 |
| Neoplasms..... | 5.4 | 7.8 | 6.0 | 1.8 | 1.0 |
| Endocrine, nutritional, and metabolic diseases..... | 5.0 | 3.2 | 4.7 | 7.7 | 2.5 |
| Mental disorders..... | 30.7 | 41.5 | 35.4 | 10.6 | 2.0 |
| Mental retardation..... | 13.1 | 25.5 | 11.1 | 2.6 | |

| | | | | | |
|---|------|------|------|------|-------|
| Diseases of the nervous system and sense organs..... | 10.0 | 16.6 | 9.3 | 4.3 | .4 |
| Diseases of the eye..... | 2.9 | 7.9 | .8 | .9 | .1 |
| Diseases of the circulatory system..... | 20.7 | 13.0 | 20.6 | 29.0 | 50.8 |
| Diseases of the respiratory system..... | 4.7 | 4.7 | 3.6 | 6.7 | 5.1 |
| Diseases of the digestive system..... | 2.1 | 2.0 | 2.2 | 2.7 | 6.2 |
| Diseases of the genitourinary system..... | 1.0 | 1.7 | .7 | .6 | |
| Diseases of the musculoskeletal system and connective tissue..... | 12.7 | 2.0 | 9.4 | 30.2 | 28.5 |
| Congenital anomalies..... | 1.3 | 1.6 | 1.4 | .8 | |
| Accidents, poisonings, and violence (nature of injury)..... | 3.9 | 3.8 | 3.9 | 4.2 | 3.3 |
| Other..... | .8 | .3 | 1.1 | .8 | |

¹ Excludes persons with prior entitlement to benefits under the social security program.

Source: Social Security Administration.

Note: Conditions which meet or equal the severity in the listings are sufficiently severe to allow a presumption of disability; other conditions require a specific vocational evaluation of the individual's capacity for employment. See discussion of "the definition of disability".

that it is the equivalent of conditions which are in the listings. Thus, an individual with such a condition would be found disabled unless he is, in fact, engaging in substantial gainful activity. This category is less well defined than the "meets the listings" category since it requires an individual judgmental decision on the question of equivalence.

4. *Substantial gainful activity (capacity)*.—Where a claim cannot be denied on the grounds that the impairment is slight or that the individual is in fact working at a substantial gainful activity level, but cannot be allowed on the grounds that it meets or equals the listings, the issue of allowance or denial must be resolved on the factual situation as applied to the definition in the law: That is, does this individual's impairment, considering his vocational situation (age, education, and work experience) prevent him from engaging in substantial gainful activity? This is a highly individualized and judgmental area. At the present time about 25 percent of disability allowances involve an evaluation of vocational factors.

TABLE 3.—NUMBER OF RECIPIENTS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS, BY CATEGORY, 1974-78

[In thousands]

| Year | Total | Aged | Blind | Disabled |
|---|-------|-------|-------|----------|
| January 1974..... | 3,216 | 1,865 | 72 | 1,278 |
| December 1974..... | 3,996 | 2,286 | 75 | 1,636 |
| December 1975..... | 4,314 | 2,307 | 74 | 1,933 |
| December 1976..... | 4,236 | 2,148 | 76 | 2,012 |
| December 1977..... | 4,238 | 2,051 | 77 | 2,109 |
| June 1978..... | 4,240 | 2,016 | 77 | 2,147 |
| Percent increase (January 1974 to June 1978). | 32 | 8 | 7 | 68 |

Source: Data provided by the Social Security Administration.

TABLE 4.—SSI EXPENDITURES ¹

| Year | Total | Disability | Disability as percent of total |
|--------------------------------|-------------|-------------|--------------------------------|
| 1974..... | \$5,096,813 | \$2,556,988 | 50 |
| 1975..... | 5,716,072 | 3,072,317 | 54 |
| 1976..... | 5,900,215 | 3,345,778 | 57 |
| 1977..... | 6,134,085 | 3,628,060 | 59 |
| Percent increase, 1974-77..... | 20 | 42 | |

¹ Federally administered payments.

Source: Data provided by the Social Security Administration.

TABLE 5.—NUMBER OF PERSONS INITIALLY AWARDED SSI PAYMENTS ¹

| Year | Total SSI awards | Disabled | Disabled as percent of total |
|-----------------|------------------|----------|------------------------------|
| 1974..... | 890,768 | 387,007 | 43 |
| 1975..... | 702,147 | 436,490 | 62 |
| 1976..... | 542,355 | 365,822 | 67 |
| 1977..... | 557,570 | 362,067 | 65 |
| March 1978..... | 52,110 | 34,520 | 66 |

¹ Federally administered payments.

Source: Data provided by the Social Security Administration.

TABLE 6.—SSI APPLICATIONS, BY CATEGORY, 1974 TO JULY 1978

| Year | Total | Aged | Blind and disabled | Blind and disabled as a percent of total |
|------------------------|-----------|---------|--------------------|--|
| 1974..... | 2,296,400 | 926,900 | 1,369,500 | 60 |
| 1975..... | 1,498,400 | 377,400 | 1,121,000 | 75 |
| 1976..... | 1,258,100 | 254,400 | 1,003,700 | 80 |
| 1977..... | 1,298,400 | 258,500 | 1,039,900 | 80 |
| January-July 1978..... | 745,600 | 150,600 | 595,100 | 80 |

Source: Data provided by the Social Security Administration.

TABLE 7.—NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS, BY REASON FOR ELIGIBILITY AND STATE, JUNE 1978

| State | Total | Aged | Blind | Disabled |
|----------------------------------|-----------|-----------|--------|-----------|
| Total ¹ | 4,239,874 | 2,016,110 | 77,193 | 2,146,571 |
| Alabama ² | 140,693 | 87,120 | 1,926 | 51,647 |
| Alaska ² | 3,148 | 1,284 | 65 | 1,799 |
| Arizona ² | 29,015 | 12,656 | 515 | 15,844 |
| Arkansas..... | 84,204 | 49,893 | 1,588 | 32,723 |
| California..... | 699,838 | 324,979 | 17,195 | 357,664 |
| Colorado ² | 33,366 | 16,113 | 347 | 16,906 |
| Connecticut ² | 22,892 | 8,077 | 302 | 14,513 |
| Delaware..... | 7,179 | 2,873 | 189 | 4,117 |
| District of Columbia..... | 14,572 | 4,414 | 203 | 9,955 |
| Florida..... | 165,912 | 87,504 | 2,558 | 75,850 |
| Georgia..... | 159,465 | 80,168 | 2,939 | 76,358 |
| Hawaii..... | 10,037 | 5,228 | 133 | 4,676 |
| Idaho ² | 7,820 | 3,157 | 98 | 4,565 |
| Illinois ² | 125,989 | 39,795 | 1,657 | 84,537 |
| Indiana ² | 41,190 | 17,489 | 1,057 | 22,644 |
| Iowa..... | 26,758 | 12,892 | 1,085 | 12,781 |
| Kansas..... | 22,007 | 9,736 | 331 | 11,940 |
| Kentucky ² | 95,909 | 48,972 | 2,038 | 44,899 |
| Louisiana..... | 146,520 | 77,446 | 2,197 | 66,877 |
| Maine..... | 22,700 | 11,138 | 268 | 11,294 |
| Maryland..... | 48,277 | 17,305 | 557 | 30,415 |
| Massachusetts... | 131,375 | 74,501 | 4,800 | 52,074 |
| Michigan..... | 116,963 | 43,282 | 1,664 | 72,017 |
| Minnesota ² | 35,082 | 15,270 | 641 | 19,171 |
| Mississippi..... | 117,612 | 69,820 | 1,874 | 45,918 |
| Missouri ² | 90,720 | 49,394 | 1,572 | 39,754 |
| Montana..... | 7,440 | 2,801 | 134 | 4,505 |
| Nebraska ² | 14,319 | 6,587 | 239 | 7,493 |
| Nevada..... | 6,091 | 3,456 | 367 | 2,268 |
| New Hampshire ² | 5,457 | 2,446 | 140 | 2,871 |
| New Jersey..... | 81,359 | 33,767 | 997 | 46,595 |
| New Mexico ² | 25,661 | 11,232 | 426 | 14,003 |
| New York..... | 382,015 | 151,657 | 3,970 | 226,388 |
| North Carolina ² .. | 144,857 | 70,646 | 3,404 | 70,807 |
| North Dakota ² ... | 7,174 | 3,962 | 74 | 3,138 |

See footnotes at end of table.

TABLE 7.—NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS, BY REASON FOR ELIGIBILITY AND STATE, JUNE 1978—Continued

| State | Total | Aged | Blind | Disabled |
|---|---------|---------|-------|----------|
| Ohio..... | 124,436 | 42,446 | 2,287 | 79,703 |
| Oklahoma ² | 75,315 | 41,518 | 1,083 | 32,714 |
| Oregon ² | 23,194 | 8,359 | 535 | 14,300 |
| Pennsylvania..... | 168,541 | 65,140 | 3,743 | 99,658 |
| Rhode Island..... | 15,489 | 6,415 | 172 | 8,902 |
| South Carolina ² .. | 83,721 | 41,979 | 1,892 | 39,850 |
| South Dakota..... | 8,683 | 4,530 | 135 | 4,018 |
| Tennessee..... | 134,657 | 69,061 | 1,824 | 63,772 |
| Texas ³ | 272,958 | 165,455 | 4,096 | 103,407 |
| Utah ² | 8,272 | 2,806 | 149 | 5,317 |
| Vermont..... | 8,983 | 3,974 | 118 | 4,891 |
| Virginia ² | 79,885 | 38,668 | 1,446 | 39,771 |
| Washington..... | 49,315 | 17,711 | 513 | 31,091 |
| West Virginia ² ... | 42,702 | 16,570 | 646 | 25,486 |
| Wisconsin..... | 67,478 | 33,107 | 956 | 33,415 |
| Wyoming ² | 2,139 | 989 | 28 | 1,122 |
| Unknown..... | 11 | 5 | | 6 |
| Other areas: | | | | |
| Northern Mariana Islands ³ | 479 | 317 | 20 | 142 |

¹ Includes persons with Federal SSI payments and/or federally administered State supplementation, unless otherwise indicated.

² Data for Federal SSI payments only. State has State-administered supplementation.

³ Data for Federal SSI payments only; State supplementary payments not made.

Source: Social Security Administration.

III. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act and section 403 of the Congressional Budget Act, the following statement is made about the costs and budgetary impact of the bill.

The committee believes that any costs of this bill will be quite small in relation to the overall costs of the supplemental security income program. Costs of the bill will arise to the extent that individuals who would lose benefits under existing law because of their work activity are retained in the special benefit status which preserves their medicaid and social services eligibility. Offsetting savings will occur to the extent that individuals who are now deterred from attempting employment because of the potential loss of those benefits are enabled to make such attempts because the bill removes that threatened benefit

loss. To the extent that such individuals are successful, there will be some benefit reduction compared to present law. In either case, however, the affected individuals are those with such severe impairments as to permit a presumption of complete inability to engage in employment. Accordingly, it seems quite reasonable to assume that the costs and any offsetting savings will be relatively small. Although good data for estimating how much this bill will cost are not available, the committee believes that it would be reasonable to anticipate that the program's costs would be less than \$5 million in each of the 3 fiscal years for which it will be effective (fiscal years 1979, 1980, 1981). The estimate from the Congressional Budget Office which is printed at the end of this part of the report shows a somewhat smaller cost. Given the absence of reliable data, the committee finds no reason to quarrel with that estimate. In either case, the costs of the bill are easily accommodated within the amounts allowed for in the second Congressional budget resolution and within the committee budget allocations in Senate Report 95-1270.

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., October 10, 1978.

HON. RUSSELL LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 12972, an untitled bill.

Should the committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

Alice M. Rivlin, *Director.*

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE

1. Bill number: H.R. 12972.
 2. Bill title: Untitled.
 3. Bill status: Ordered reported by the Senate Finance Committee on October 3, 1979.
 4. Bill purpose: 1. Beginning January 1, 1979 and continuing through fiscal year 1981, supplemental security income recipients who would otherwise have become ineligible for benefits because of the performance of substantial gainful activity, but who otherwise continue to meet the SSI eligibility requirements, shall be paid a special monthly benefit of \$10. This special benefit will also be provided to individuals with earnings above the Federal breakeven point if the loss of benefits under title XIX and XX would make it impossible for the individual to continue work.
2. In determining "substantial gainful activity", the costs of attendant care may be disregarded from income provided that attendant care is necessary in order for the individual to work.

5. Cost estimate:

| | <i>Millions</i> |
|-------------------------------------|-----------------|
| Fiscal year 1979: | |
| Required new budget authority ----- | \$1 |
| Outlays ----- | 1 |
| Fiscal year 1980: | |
| Required new budget authority ----- | 2 |
| Outlays ----- | 2 |
| Fiscal year 1981: | |
| Required new budget authority ----- | 3 |
| Outlays ----- | 3 |
| Fiscal year 1982: | |
| Required new budget authority ----- | |
| Outlays ----- | |
| Fiscal year 1983: | |
| Required new budget authority ----- | |
| Outlays ----- | |

The costs of this bill fall in functions 550 and 600.

IV. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the following statement is made about the regulatory impact of the bill.

The bill, as reported by the committee, has minimal regulatory impact. The only individuals affected by the bill are those who, under existing law, are eligible for benefits under the supplemental security income program and who successfully engage in work activity despite medical impairments of a severity which would ordinarily be considered to preclude such work activity. Where such individuals do find employment at a level exceeding the program's usual breakeven point, the Secretary of Health, Education, and Welfare will have to establish regulations and procedures for determining whether a special benefit status is essential to their continued employment and whether their earnings have reached a level equivalent to the benefits for which they might otherwise be eligible under the programs. Since these are factors not required to be determined under existing law and because they involve highly individualized judgments, it may reasonably be expected that the affected individuals will be required to make certain reports, complete certain new forms, and furnish certain types information about their circumstances which is not necessary under existing law. The economic impact on the affected individuals is expected to be quite favorable since the provisions of the bill aim primarily at removing certain barriers to employment which now exist.

V. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made about the vote by the committee to report the bill.

The bill was ordered reported by a voice vote.

VI. CHANGES IN EXISTING LAW

In compliance with paragraph IV of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT, AS AMENDED

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TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR
THE AGED, BLIND, AND DISABLED

* * * * *

Meaning of Terms

Aged, Blind, or Disabled Individual

Sec. 1614. (a) (1) For purposes of this title, the term “aged, blind, or disabled individual” means an individual who—

(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or is disabled (as determined under paragraph (3)), and

(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act).

(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved under title X or XVI as in effect for October 1972 and received aid under such plan (on the basis of blindness) for December 1973, so long as he is continuously blind as so defined.

(3)(A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period on not less than twelve months (or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity).

(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impair-

ment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), "work which exists in the national economy" means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined.

(4)(A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term "services" means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

(B) The term "period of trial work", with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months beginning and ending as provided in subparagraphs (C) and (D).

(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

- (i) the ninth month, beginning on or after the first day of such period, in which the individual renders services (whether or not such nine months are consecutive); or

(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

(5) In applying the criteria prescribed pursuant to subparagraph (D) of paragraph (3), in the case of an individual who has been determined to be an eligible individual (or eligible spouse) by reason of being under a disability on the basis of medical severity of disability, for purposes of determining whether such individual continues to be under a disability there shall be disregarded such amounts of earned income of such individual (if such individual's disability results in a functional limitation requiring assistance in order for him to work, whether or not that assistance is also needed to carry out his normal daily functions) as may be necessary (as determined by the Secretary) to pay the costs incurred by such individual for attendant care.

* * * * *

Benefits for Individuals Who Perform Substantial Gainful Activity Despite Severe Medical Impairment

SEC. 1619. (a) Any individual who is an eligible individual (or eligible spouse) by reason of being under a disability on the basis of medical severity of disability, and who ceases to be an eligible individual (or eligible spouse) because his earnings have demonstrated a capacity to engage in substantial gainful activity or because his earnings have increased his income, other than income excluded pursuant to section 1612(b), to an amount equal to or in excess of the amounts specified in section 1611(a)(1)(A) (or, in the case of an individual who has an eligible spouse, in section 1611(a)(2)(A)), shall, during the period determined under subsection (c), be paid a special monthly benefit of \$10, but shall not be an eligible individual or eligible spouse for purposes of payments under section 1611(b).

(b) For purposes of titles XIX and XX of this Act, any individual receiving a special monthly benefit under subsection (a) shall be considered an individual receiving supplementary security income benefits under this title.

(c) An individual receiving a special monthly benefit under subsection (a) shall continue to receive such benefit for so long as the Secretary determines under regulations that—

(1) such individual continues to be under a disability on the basis of medical severity of disability and, except for his earnings, continues to meet all nondisability-related requirements for eligibility for benefits under this title; and

(2)(A) the income of such individual, other than income excluded pursuant to section 1612(b), is not equal to or in excess of the amount which would cause him to be ineligible for payments under section 1611(b) (if he were otherwise eligible for such payments), or

(B)(i) the income of such individual would not, except for his earnings, be equal to or in excess of such amount;

(ii) the termination of such benefits (and the loss of eligibility under titles XIX and XX which would result from such termination) would make it impossible for such individual to continue his employment; and

(iii) such individual's earnings are not sufficient to allow him to provide for himself a reasonable equivalent of the benefits which would be available to him in the absence of such earnings under this title and titles XIX and XX.

(d) For purposes of this section and section 1614(a)(5), an individual shall be considered to be under a disability on the basis of medical severity of disability if his impairment is one described in the regulations of the Secretary as being of such severity (or is an impairment medically equivalent in severity to an impairment so described) as to permit a finding that he is under a disability, as defined in section 1614(a)(3), without an evaluation of his vocational capacity in the light of his age, education, and any work experience.

