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(Original Signature of Member)

106TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mrs. JOHNSON of Connecticut (for herself and Mr. CARDIN) introduced the
following bill; which was referred to the Committee on

A BILL

To amend part E of title IV of the Social Security Act
to provide States with more funding and greater flexibil-
ity 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,*

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

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

4 (b) TABLE OF CONTENTS.—The table of contents of
5 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.

1 TITLE I—IMPROVED INDEPEND- 2 ENT 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.

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

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

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

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

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

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

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

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

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

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

1 “(5) to provide financial, housing, counseling,
2 employment, education, and other appropriate sup-
3 port and services to former foster care recipients be-
4 tween 18 and 21 years of age to complement their
5 own efforts to achieve self-sufficiency.

6 “(b) APPLICATIONS.—

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

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

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

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

1 “(C) Ensure that the programs serve chil-
2 dren of various ages and at various stages of
3 achieving independence.

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

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

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

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

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

22 “(B) A certification by the chief executive
23 officer of the State that not more than 30 per-
24 cent of the amounts paid to the State from its
25 allotment under subsection (c) for a fiscal year

1 will be expended for room or board for children
2 who have left foster care and have attained 18
3 years of age but not 21 years of age.

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

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

16 “(E) A certification by the chief executive
17 officer of the State that the State will make
18 every effort to coordinate the State programs
19 receiving funds provided from an allotment
20 made to the State under subsection (c) with
21 other Federal and State programs for youth,
22 especially transitional living youth projects
23 funded under part B of title III of the Juvenile
24 Justice and Delinquency Prevention Act of
25 1974.

1 “(F) A certification by the chief executive
2 officer of the State that each Indian tribe in the
3 State has been informed about the programs to
4 be carried out under the plan; that each such
5 tribe has been given an opportunity to comment
6 on the plan before submission to the Secretary;
7 and that benefits and services under the pro-
8 grams will be made available to Indian children
9 in the State on the same basis as to other chil-
10 dren in the State.

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

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

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

22 “(B) the Secretary finds that the applica-
23 tion contains the material required by para-
24 graph (1); and

1 “(C) all children in the State who have left
2 foster care and have attained 18 years of age
3 but not 21 years of age are eligible for medical
4 assistance under the State plan approved under
5 title XIX.

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

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

19 “(c) ALLOTMENTS TO STATES.—

20 “(1) IN GENERAL.—From the amount specified
21 in subsection (h) that remains after applying sub-
22 section (g)(2) for a fiscal year, the Secretary shall
23 allot to each State with an application approved
24 under subsection (b) for the fiscal year the amount
25 which bears the same ratio to such remaining

1 amount as the number of children in foster care
2 under a program of the State in the most recent fis-
3 cal year for which such information is available
4 bears to the total number of children in foster care
5 in all States for such most recent fiscal year.

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

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

22 “(d) USE OF FUNDS.—

23 “(1) IN GENERAL.—A State to which an
24 amount is paid from its allotment under subsection
25 (c) may use the amount in any manner that is rea-

1 sonably calculated to accomplish the purposes of this
2 section.

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

9 “(e) PENALTIES.—

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

21 “(2) FAILURE TO COMPLY WITH DATA REPORT-
22 ING REQUIREMENT.—The Secretary shall assess a
23 penalty against a State that fails during a fiscal
24 year to comply with an information collection plan
25 implemented under subsection (f) in an amount

1 equal to not less than 1 percent and not more than
2 5 percent of the amount allotted to the State for the
3 fiscal year.

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

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

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

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

23 “(B) identify data elements needed to
24 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 sub-
4 clause:

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 ‘independ-
14 ent 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 independ-
5 ent living services were furnished under a program funded
6 under part E of title IV before the date the individuals
7 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 individ-
24 ual 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 or
7 50 percent of the lump sum payment,” before “un-
8 less 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 follow-
20 ing:

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 cause such individual is confined as described in clause
2 (i) or (ii) of section 202(x)(1)(A).”.

3 (2) AMENDMENT TO TITLE XVI.—Section
4 1631(b)(1)(A) of such Act (42 U.S.C.
5 1383(b)(1)(A)) is amended by adding after and
6 below clause (ii) the following flush left sentence:
7 “The Commissioner shall not refrain from recovering over-
8 payments from resources currently available to any indi-
9 vidual solely because the individual is confined as de-
10 scribed in clause (i) or (ii) of section 202(x)(1)(A).”.

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

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

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

20 “Trusts

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

24 “(2)(A) For purposes of this subsection, an individual
25 shall be considered to have established a trust if any assets

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 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 individ-
22 ual or an individual’s spouse (within the meaning of sub-
23 section (e)), if from such portion of the trust, if any, that
24 is considered a resource available to the individual pursu-
25 ant to subsection (e)(3) (or would be so considered but

1 for the application of subsection (e)(4)) or the residue of
2 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 individ-
2 ual; 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 transfer-
17 or’s spouse to another for the sole benefit of the
18 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 mislead-
18 ing or knows or should know omits a material fact or
19 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 disabil-
24 ity 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 recip-
8 ient (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 Responsibil-
25 ity and Work Opportunity Reconciliation Act of 1996, the

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

TITLE IV—TECHNICAL CORRECTIONS

SEC. 401. TECHNICAL CORRECTIONS RELATING TO AMEND- MENTS MADE BY THE PERSONAL RESPON- SIBILITY AND WORK OPPORTUNITY REC- ONCILIATION 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 (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 Responsibil-
24 ity and Work Opportunity Reconciliation Act of 1996 (110
25 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.