LEGISLATIVE PROPOSALS

Benefit Improvements

1. **Social Security Benefits for Same-Sex Married Couples.** The Social Security Administration (SSA) is required by the Social Security Act to confer marriage-related benefits based on the law of the state in which the couple is domiciled. This prevents SSA from paying benefits to same-sex couples who were legally married in one state but are domiciled in another state that does not recognize same-sex marriage. This proposal amends the Defense of Marriage Act by requiring SSA (and any other agency that administers a program in which marital status is a factor) to consider an individual as married if the marriage is valid in the state where that marriage occurred.

2. **Extend SSI Time Limits for Qualified Refugees.** Refugees and certain other humanitarian immigrants who are disabled or elderly are potentially eligible for Supplemental Security Income (SSI) benefits for up to seven years from the date they attained their immigration status, and without time limit if they become naturalized. Congress acknowledged that humanitarian immigrants may be unable to attain citizenship within the seven-year period of SSI eligibility, even if they apply for naturalization as soon as they are eligible. Accordingly, Congress temporarily extended the time-limited SSI eligibility period from 7 years to 9 years for fiscal years (FY) 2009-2011. However, effective October 2011, the SSI eligibility period for refugees and other humanitarian immigrants reverted to seven years. This proposal would underscore the nation's commitment to refugees, asylees, and other humanitarian immigrants—who come to America with very little and frequently have nowhere else to go—by again extending the time limit from 7 to 9 years during FYs 2016 and 2017.

Preventing Improper Payments

3. **Program Integrity.** Current law provides for additional budget authority in appropriations dedicated for SSA's use in completing continuing disability reviews (CDRs) and SSI redeterminations through FY 2021. However, annual appropriations bills have not provided the full amount of funding for these activities. CDRs and SSI redeterminations are highly effective at detecting improper payments and provide an excellent return on the taxpayers' investment—specifically, CDRs conducted in FY 2016 will yield net Federal program savings over the next 10 years of roughly $9 on average per $1 budgeted for dedicated program integrity funding, including Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare and Medicaid program effects. SSI redeterminations conducted in FY 2016 will yield a ROI of about $4 on average of net Federal program savings over ten years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. This proposal would repeal the discretionary cap adjustments enacted in the Balanced Budget and Emergency Deficit Control Act, as amended by the Budget Control Act, for SSA beginning in FY 2017 and instead provide a dedicated and dependable source of mandatory funding for these program integrity activities.

4. **Allow SSA to Use Commercial Databases to Verify Wages in the SSI Program.** The SSI program is means-tested, and the correct benefit amount can vary monthly based on changes in a beneficiary's income, such as wages. SSI recipients are required to report changes in a timely manner, but some do not, which results in improper payments. This proposal would reduce improper payments and lessen the recipients' reporting burden by authorizing SSA to conduct data matches with private commercial databases and use that information to automatically increase or decrease benefits accordingly, after proper notification. New beneficiaries would be required to consent to allow SSA to access these databases as a condition of benefit receipt. All other current due process and appeal rights would be preserved.

5. **Expand Authority to Require Authorization to Verify Financial Information for Overpayment Waiver Requests.** SSA uses an automated process to verify the financial institution accounts of SSI recipients to improve payment accuracy. SSA has the authority to require applicants and beneficiaries to authorize the agency to get this information in connection with determining SSI eligibility. However, SSA cannot use this process for other determinations that involve consideration of financial institution account information. One such determination occurs when a beneficiary requests a waiver of recovery of an overpayment (whether an OASDI overpayment or an SSI one) or a change in the rate at which SSA withholds funds from a beneficiary's payment to collect a prior overpayment. Determining whether someone qualifies for a waiver or a different rate of recovery can involve determining whether the person has the financial means to repay. This proposal would require OASDI recipients seeking overpayment waivers to grant SSA authority to certify financial information and thereby improve the accuracy of waivers. Currently, there is no automated method for verifying financial assets for overpayment waiver claims.

6. **Hold Fraud Facilitators Liable for Overpayments.** In a few recent cases of fraud against SSA's disability programs, third parties, such as appointed representatives and doctors, facilitated fraudulent applications for benefits by submitting false statements or evidence purporting to show that the individuals were disabled, when in fact they were not disabled. Under current law, such facilitators may be subject to criminal prosecution and penalties, but they are not required to repay the benefits improperly paid to the person who was not eligible for them. This proposal would hold fraud facilitators liable for overpayments by allowing SSA to recover the overpayment from a third party with interest if the third party was responsible for making fraudulent statements or providing false evidence that allowed the beneficiary to receive payments that should not have been paid. Furthermore, a facilitator would be ineligible for a waiver of recovery of such an overpayment.

7. **Government-Wide Use of Customs and Border Patrol Entry and Exit Data to Prevent Improper Payments.** U.S. Customs and Border Protection (CBP) maintains data on when individuals enter and exit the United States. This entry and exit information may be useful in preventing improper payments in Federal programs that require U.S. residency in order to receive benefits. This proposal would provide for the use of CBP Entry/Exit data to prevent improper payments.

8. **Use the Death Master File to Prevent Federal Improper Payments.** SSA receives about 2.5 million reports of death each year from many sources, such as family members, funeral homes, financial institutions, and the states. SSA is authorized to share all of the death information it maintains with Federal and state agencies that administer federally-funded benefits, state agencies administering state-funded programs, and Federal and state agencies using the information for statistical and research activities. Currently, Do Not Pay instead receives a smaller file, which excludes state death information. This proposal would increase the amount of death information available to Federal agencies for use in preventing improper payments by authorizing SSA to share all of the death information it maintains with Do Not Pay.

Improve Efficiency

9. **Improve Collection of Pension Information from States and Localities.** Current law requires SSA to reduce OASDI benefits when someone also receives a pension based on work that was not covered by Social Security. SSA currently has a matching agreement with the Office of Personnel Management (OPM) to obtain information on Federal government retirees who receive a pension from work not covered by Social Security. However, SSA generally lacks a way to receive similar information from state and local governments. As a result, many of these pensions go unreported, leading to improper payments. This proposal would require state and local government pension payers to report information on pensions paid for non-covered work to SSA through an automated data exchange.

10. **Establish Workers' Compensation Information Reporting.** Current law requires SSA to reduce an individual's Disability Insurance (DI) benefit if he or she receives workers' compensation (WC) or public disability benefits (PDB). SSA currently relies upon beneficiaries to report when they receive these benefits. This proposal would improve program integrity by requiring states, local governments, and private insurers that administer WC and PDB to provide this information to SSA. Furthermore, this proposal would provide for the development and implementation of a system to collect such information from states, local governments, and insurers.

11. **Lower Electronic Wage Reporting Threshold to Five Employees.** SSA processes W-2 forms for Treasury. Currently, Treasury requires businesses that file 250 or more W-2s per calendar year to file electronically. This proposal would modify the Internal Revenue Code so that Treasury can require businesses that employ five or more employees to file electronically. This change would be phased-in over three years and would increase the efficiency and accuracy of this process, because electronic returns are completed more rapidly and are generally more accurate than scanned or keyed returns.

12. **Move from Annual to Quarterly Wage Reporting.** Employers report wages annually to SSA. However, from 1939 through 1977, SSA received wage reports on a quarterly basis. Increasing the frequency of wage reporting could enhance tax administration. More frequent reporting would also facilitate implementation of automated enrollment of employees in existing workplace pensions and be the foundation for the creation of a

system of automatic workplace retirement accounts for workers who do not currently have access to a retirement plan. Furthermore, more frequent reporting may improve program integrity by providing timelier wage data for use by Federal, income-tested programs. This proposal would restructure the Federal wage reporting process by requiring employers to report wages on a quarterly[1] basis.

Program Improvements

13. **Conform Treatment of State and Local Government Earned Income Tax Credits and Child Tax Credits for SSI.** When determining someone's eligibility for, and benefit amounts under, the SSI program, SSA excludes Federal earned income tax credits (EITC) and child tax credits (CTC). However, the law requires SSA to count state EITCs and CTCs for SSI purposes. This proposal would simplify administration of the SSI program by excluding state EITCs and CTCs, in the manner in which similar, Federal tax payments are excluded.

14. **Allow SSA to Electronically Certify Certain Railroad Retirement Board Payments.** For certain retired railroad workers, SSA computes the amount of SSA benefits the person should receive and sends that information to the Railroad Retirement Board (RRB), who actually pays the benefit. For most types of railroad workers and their family, SSA uses an automated process to certify electronically the payment amount to the RRB. However, SSA is not authorized to electronically certify certain categories of railroad workers, and must use a cumbersome manual process instead. This proposal would improve the efficiency and accuracy of the certification process by authorizing SSA to electronically certify the benefits of divorced spouses, to the RRB.

15. **Offset DI Benefits for Concurrent Receipt of Unemployment Insurance Benefits.** This proposal would eliminate dual benefit payments covering the same period a beneficiary is receiving state or Federal unemployment compensation, reducing duplicative spending in government programs.

16. **Reconcile Office of Personnel Management and Social Security Retroactive Disability Payments.** OPM must reduce disability payments made to Federal Employee Retirement System (FERS) annuitants who receive DI benefits. In many cases, OPM pays the FERS disability benefit before SSA decides whether the person is eligible for DI benefits. This results in FERS overpayments. This proposal would reduce these improper payments by further automating the coordination between SSA and OPM.

17. **Eliminate Aggressive SSA Benefits Claiming Strategies.** Individuals under full retirement age (FRA) who file for benefits on their own record or on the record of their spouse are deemed to file for either their own benefit or the spouse's benefit, as well. However, deemed filing does not apply to individuals over FRA (currently age 66) –

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[1] This proposal would have no effect on the reporting of self-employment income.

these individuals can choose to apply for benefits only as a spouse, thus allowing the person to earn delayed retirement credits (DRC) on their own record.

The Social Security Act includes another provision that allows a worker to opt to file for benefits based on his or her own work, then voluntarily suspend them, allowing the individual to accrue DRCs. In either case, DRCs can increase benefits by 8 percent for each year up to age 70. Some individuals—primarily those with higher incomes—manipulate these provisions to maximize DRCs by claiming and suspending benefits, or by filing for a lower benefit as a spouse, while allowing the higher benefit to increase due to DRCs. This proposal would eliminate such opportunities, resulting in equitable treatment of all individuals, regardless of income.

18. **Address Reserve Depletion of the DI Trust Fund.** To address reserve depletion of the DI Trust Fund, the Budget proposes a five-year reallocation of payroll taxes from the Old-Age and Survivors Insurance (OASI) trust fund to the DI trust fund. This policy would be in effect from January 1, 2016 through December 31, 2020, and will increase the payroll tax allocated to DI by 0.9 percentage points (with a corresponding decrease in OASI). At various points over the course of Social Security's history, Congress has passed reallocation legislation as the need arose for reallocating revenue from DI to OASI, and vice versa. This proposed reallocation will have no effect on the overall health of the OASI and DI trust funds on a combined basis.

Technical Changes

19. **Terminate Step Child Benefits in the Same Month as His or Her Parent.** A parent and stepchild may receive benefits on the record of a worker, but if the marriage terminates by divorce, they are no longer eligible for benefits. When a stepchild's parent is divorced, spousal benefits terminate in the month before the month of the final divorce. However, benefits for the stepchild terminate one month later, in the month of the final divorce. This proposal would fix this discrepancy by ending benefits for the stepchild in the same month as the parent, in the month before the final divorce.

20. **Clarify Penalties and Prohibitions for Misleading Internet Advertising.** Current law prohibits the use of certain words and symbols that, misleadingly, give the impression that SSA is connected to or has approved the communication. Violation of this prohibition is subject to certain penalties. However, it is unclear whether this prohibition applies to communications distributed or disseminated solely over the Internet. This proposal would clarify that such communication is prohibited, thereby protecting the public from misleading and potentially harmful communication.

Administrative Improvements

21. **Reauthorize and Expand Demonstration Authority for DI and SSI.** There are many options under discussion around specific program change to amend SSA's disability programs. Moreover, in most cases, there is not enough evidence to determine whether a proposed program change would do more harm than good. Demonstration projects are the best vehicles for identifying promising program changes and measuring their effects on existing and potential disability beneficiaries. However, SSA's authority to initiate DI demonstration projects expired in December 2005, and the agency has not initiated any new DI projects since then. Early intervention measures, such as supportive employment services for individuals with mental impairments; targeted incentives for employers to help workers with disabilities remain on the job; and opportunities for states to better coordinate services—have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities and gather evidence on which to base future program improvements. Our efforts for early intervention received bipartisan support of $35 million in the Consolidated and Further Continuing Appropriations Act, 2015. This proposal would provide SSA and partner agencies $50 million in discretionary funding for early intervention demonstrations in FY 2016, as well as $350 million for mandatory funding in FYs 2017-2020, to test innovative strategies to help people with disabilities remain in the workforce.