



SOCIAL SECURITY

Office of the Chief Actuary

November 15, 2023

The Honorable Mike Lee
United States Senate
Washington, D.C. 20510

The Honorable Diana Harshbarger
United States House of Representatives
Washington, D.C. 20515

Dear Senator Lee and Representative Harshbarger:

I am writing in response to your request for our estimate of the financial effects on the Social Security Trust Funds of the “Immediate Access for the Terminally Ill Act,” which you introduced today. This Bill would eliminate the 5-month Social Security Disability Insurance (SSDI) waiting period for those with certain terminal illnesses, prohibit payment of disability benefits on receipt of unemployment benefits, and increase the overpayment collection threshold for OASDI. We have enjoyed working with Sam Paepke, Chip Wyatt, and Peter Stein of your staffs in developing this analysis. Our analysis and estimates provided for this proposal reflect the efforts of many in the Office of the Chief Actuary, but particularly Daniel Nickerson, Chris Chaplain, Kyle Burkhalter, Anna Kirjusina, Jacqueline Walsh, Nettie Barrick, Mike Stephens, and Karen Glenn.

The balance of this letter provides our understanding of the intent of the sections of the Bill with direct effects on Social Security program cost, followed by estimates of the OASDI program cost effects assuming enactment of the Bill in January 2025. Over the period 2023 through 2032, we estimate the net program benefit cost for the OASDI program would be reduced by \$5.7 billion. The net cash flow effect on OASDI would be slightly less (an increase of \$5.6 billion), because the reduced income tax on decreased benefit payments would partially offset the reduced benefit cost. We estimate that enactment of the Bill would result in an increase (improvement) of 0.01 percent of taxable payroll in the OASDI actuarial balance over the 75-year projection period as a whole. All estimates reflect the intermediate assumptions of the 2023 Trustees Report.

Specification for and Effects of Provisions of the Proposal

Sections 2 and 3. Eliminate the 5-month waiting period for those with certain terminal illnesses included on SSA’s Compassionate Allowance list.

Starting in 2025, give new applicants for disabled worker benefits the choice of (a) having their benefit calculated as under current law and starting receipt after the current law 5-month waiting period; or (b) having a 7 percent benefit reduction applied to their current-law benefit and starting receipt immediately. This choice only applies to those who are diagnosed with a condition on the “Compassionate Allowance Conditions” list for which average life expectancy does not exceed 5 years, as determined by the Commissioner of Social Security. In addition, require Congressional approval for any future changes in the Compassionate Allowance list.

We estimate that enactment of this provision alone would *increase* the long-range OASDI actuarial deficit by an amount that is negligible, that is, less than 0.005 percent of taxable payroll, and would *increase* the annual deficit for the 75th projection year (2097) by a negligible amount.

Section 4. Prohibit payment of DI benefits based on receipt of unemployment benefits.

This provision would set the disabled worker benefit equal to zero for any month in which an individual entitled for a disabled worker benefit from the DI Trust Fund receives unemployment compensation, effective starting in 2025.

We estimate that enactment of this provision alone would *decrease* the long-range OASDI actuarial deficit by 0.01 percent of taxable payroll and would *decrease* the annual deficit for the 75th projection year (2097) by 0.01 percent of taxable payroll.

Section 5. Increase the overpayment collection threshold for OASDI from \$10 to 10 percent.

This provision specifies that the reduction of a monthly benefit for repayment of a prior overpayment should not be less than 10 percent of the monthly benefit, unless the remaining amount of prior overpayment is less than 10 percent of the current monthly benefit. Effective for new withholding agreements entered into starting in 2025.

We estimate that enactment of this provision alone would *decrease* the long-range OASDI actuarial deficit by an amount that is negligible, that is, less than 0.005 percent of taxable payroll, and would *decrease* the annual deficit for the 75th projection year (2097) by a negligible amount.

Table A provides estimates of the effects on the OASDI long-range actuarial balance of the provisions of the proposal separately and on a combined basis. The table also includes estimates of the effect of the provisions on the annual balance (the difference between the income rate and the cost rate, expressed as a percentage of current-law taxable payroll) for the 75th projection year, 2097. Interaction among individual provisions is reflected only in the total estimates for the combined provisions.

OASDI Program Cost Effects

The proposal would result in net reduced program cost for workers newly eligible for a DI benefit starting in 2025, as the proposal would prohibit payment of DI benefits based on receipt of unemployment benefits. The proposal would also slightly reduce OASDI program cost by increasing the minimum overpayment collection threshold for OASDI from \$10 per monthly to

10 percent of the monthly benefit. The combined net reduction in OASDI program benefit cost is estimated to be \$5.7 billion in total for calendar years 2023 through 2032. The change in OASDI cash flow, net of decreased OASDI revenue from income taxation of these benefits, is estimated to be an increase of \$5.6 billion in total for calendar years 2023 through 2032.

Over the long-range projection period, the net effect of enacting the proposal on the 75-year actuarial balance would be an increase of 0.01 percent of taxable payroll. Table 1, attached, indicates that the net effect of the changes in the Bill would increase (improve) annual balances for the OASDI program from 2025 through the end of the 75-year projection period. These estimates do not reflect the implications of any change in administrative expenses necessary to implement the provisions of this Bill. Tables 1b and 1b.n show the effects of enacting the proposal in present value dollar and nominal dollar amounts, respectively.

We hope these estimates will be helpful. Please let us know if we may provide further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Stephen C. Goss".

Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosures

**Table A—Estimated Long-Range OASDI Financial Effects of the
“Immediate Access for the Terminally Ill Act,” Introduced by Senator Lee and
Representative Harshbarger on November 15, 2023**

<u>Provision</u>	Estimated Change in Long-Range OASDI Actuarial Balance ¹ (as a percent of payroll)	Estimated Change in Annual Balance for 75 th year ² (as a percent of payroll)
Sections 2 and 3) Eliminate the 5-month waiting period for those with certain terminal illnesses included on SSA’s Compassionate Allowance list. Starting in 2025, give new applicants for disabled worker benefits the choice of (a) having their benefit calculated as under current law and starting receipt after the current law 5-month waiting period; OR (b) having a 7 percent benefit reduction applied to their current-law benefit and starting receipt immediately. This choice only applies to those who are diagnosed with a condition on the “Compassionate Allowance Conditions” list for which average life expectancy does not exceed 5 years. In addition, require Congressional approval for any future changes in the Compassionate Allowance list.	3	3
Sections 4) Prohibit payment of DI benefits based on receipt of unemployment benefits. This provision would set the disabled worker benefit equal to zero for any month in which an individual entitled for a disabled worker benefit from the DI Trust Fund receives unemployment compensation. Effective starting in 2025.	0.01	0.01
Section 5) Increase the overpayment collection threshold for OASDI from \$10 to 10 percent. This provision specifies that the reduction of a monthly benefit for repayment of a prior overpayment should not be less than 10 percent of the monthly benefit, unless the remaining amount of prior overpayment is less than 10 percent of the current monthly benefit. Effective for new withholding agreements entered into starting in 2025.	3	3
Total for all provisions, including interaction	0.01	0.01
¹ Under current law, the estimated long-range OASDI actuarial balance is -3.61 percent of taxable payroll. ² Under current law, the estimated 75 th year annual balance is -4.35 percent of taxable payroll. ³ Negligible; that is, between -0.005 and 0.005 percent of taxable payroll.		
Notes: All estimates are based on the intermediate assumptions of the 2023 OASDI Trustees Report. Estimates of individual provisions appear on a stand-alone basis relative to current law, unless otherwise stated.		
Social Security Administration Office of the Chief Actuary November 15, 2023		

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio
"Immediate Access for the Terminally Ill Act", introduced by Senator Lee and Representative Harshbarger

Year	Proposal			Trust Fund Ratio	Change from Current Law		
	Expressed as a percentage of current-law taxable payroll				Expressed as a percentage of current-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance	1-1-year	Cost Rate	Income Rate	Annual Balance
2023	14.53	13.29	-1.24	204	0.00	0.00	0.00
2024	14.87	12.89	-1.98	187	0.00	0.00	0.00
2025	15.04	12.97	-2.07	168	0.00	0.00	0.00
2026	15.23	13.08	-2.15	149	0.00	0.00	0.00
2027	15.38	13.09	-2.28	131	-0.01	0.00	0.01
2028	15.55	13.13	-2.42	114	-0.01	0.00	0.01
2029	15.71	13.16	-2.55	96	-0.01	0.00	0.01
2030	15.86	13.18	-2.68	78	-0.01	0.00	0.01
2031	16.00	13.21	-2.78	61	-0.01	0.00	0.01
2032	16.14	13.24	-2.90	43	-0.01	0.00	0.01
2033	16.26	13.25	-3.01	25	-0.01	0.00	0.01
2034	16.38	13.26	-3.12	7	-0.01	0.00	0.01
2035	16.47	13.27	-3.20	---	-0.01	0.00	0.01
2036	16.55	13.27	-3.27	---	-0.01	0.00	0.01
2037	16.63	13.28	-3.35	---	-0.01	0.00	0.01
2038	16.69	13.29	-3.40	---	-0.01	0.00	0.01
2039	16.74	13.29	-3.45	---	-0.01	0.00	0.01
2040	16.77	13.30	-3.48	---	-0.01	0.00	0.01
2041	16.80	13.30	-3.50	---	-0.01	0.00	0.01
2042	16.81	13.30	-3.51	---	-0.01	0.00	0.01
2043	16.82	13.30	-3.52	---	-0.01	0.00	0.01
2044	16.84	13.31	-3.53	---	-0.01	0.00	0.01
2045	16.85	13.31	-3.55	---	-0.01	0.00	0.01
2046	16.87	13.31	-3.56	---	-0.01	0.00	0.01
2047	16.89	13.31	-3.58	---	-0.01	0.00	0.01
2048	16.92	13.31	-3.60	---	-0.01	0.00	0.01
2049	16.95	13.32	-3.63	---	-0.01	0.00	0.01
2050	16.98	13.32	-3.66	---	-0.01	0.00	0.01
2051	17.01	13.32	-3.69	---	-0.01	0.00	0.01
2052	17.05	13.33	-3.72	---	-0.01	0.00	0.01
2053	17.10	13.33	-3.77	---	-0.01	0.00	0.01
2054	17.16	13.34	-3.82	---	-0.01	0.00	0.01
2055	17.22	13.34	-3.88	---	-0.01	0.00	0.01
2056	17.29	13.35	-3.95	---	-0.01	0.00	0.01
2057	17.37	13.35	-4.02	---	-0.01	0.00	0.01
2058	17.45	13.36	-4.09	---	-0.01	0.00	0.01
2059	17.53	13.37	-4.16	---	-0.01	0.00	0.01
2060	17.61	13.37	-4.24	---	-0.01	0.00	0.01
2061	17.68	13.38	-4.30	---	-0.01	0.00	0.01
2062	17.75	13.38	-4.37	---	-0.01	0.00	0.01
2063	17.82	13.39	-4.43	---	-0.01	0.00	0.01
2064	17.88	13.40	-4.48	---	-0.01	0.00	0.01
2065	17.94	13.40	-4.54	---	-0.01	0.00	0.01
2066	18.00	13.40	-4.59	---	-0.01	0.00	0.01
2067	18.05	13.41	-4.64	---	-0.01	0.00	0.01
2068	18.11	13.41	-4.69	---	-0.01	0.00	0.01
2069	18.17	13.42	-4.75	---	-0.01	0.00	0.01
2070	18.22	13.42	-4.80	---	-0.01	0.00	0.01
2071	18.27	13.43	-4.85	---	-0.01	0.00	0.01
2072	18.32	13.43	-4.89	---	-0.01	0.00	0.01
2073	18.37	13.44	-4.94	---	-0.01	0.00	0.01
2074	18.42	13.44	-4.98	---	-0.01	0.00	0.01
2075	18.46	13.44	-5.01	---	-0.01	0.00	0.01
2076	18.48	13.45	-5.04	---	-0.01	0.00	0.01
2077	18.49	13.45	-5.05	---	-0.01	0.00	0.01
2078	18.50	13.45	-5.05	---	-0.01	0.00	0.01
2079	18.48	13.45	-5.03	---	-0.01	0.00	0.01
2080	18.46	13.45	-5.01	---	-0.01	0.00	0.01
2081	18.43	13.44	-4.98	---	-0.01	0.00	0.01
2082	18.38	13.44	-4.94	---	-0.01	0.00	0.01
2083	18.34	13.44	-4.90	---	-0.01	0.00	0.01
2084	18.28	13.44	-4.84	---	-0.01	0.00	0.01
2085	18.22	13.43	-4.78	---	-0.01	0.00	0.01
2086	18.15	13.43	-4.72	---	-0.01	0.00	0.01
2087	18.08	13.43	-4.66	---	-0.01	0.00	0.01
2088	18.01	13.42	-4.59	---	-0.01	0.00	0.01
2089	17.94	13.42	-4.53	---	-0.01	0.00	0.01
2090	17.88	13.41	-4.47	---	-0.01	0.00	0.01
2091	17.83	13.41	-4.42	---	-0.01	0.00	0.01
2092	17.79	13.41	-4.38	---	-0.01	0.00	0.01
2093	17.76	13.41	-4.36	---	-0.01	0.00	0.01
2094	17.74	13.40	-4.34	---	-0.01	0.00	0.01
2095	17.74	13.40	-4.33	---	-0.01	0.00	0.01
2096	17.73	13.40	-4.33	---	-0.01	0.00	0.01
2097	17.74	13.40	-4.34	---	-0.01	0.00	0.01
2098	17.76	13.41	-4.36	---	-0.01	0.00	0.01

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2023 - 2097	17.38%	13.78%	-3.60%	2034

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
-0.01%	0.00%	0.01%

Note: Based on Intermediate Assumptions of the 2023 Trustees Report.
¹ Under current law the year of combined Trust Fund reserve depletion is 2034.

**Table 1b - OASDI Changes & Implications for Federal Budget Scoring¹ and Federal Debt of Specified Plan Provision Effects on OASDI (Present Value Dollars)
 "Immediate Access for the Terminally Ill Act ", introduced by Senator Lee and Representative Harshbarger**

Billions of Present Value Dollars as of 1-1-2023								
Year	Specified General Fund Transfers	Basic Changes in OASDI Cash Flow	Change in Annual Unified Budget Cash Flow ²	Change in Debt Held by Public at End of Year ³	Change in Annual Unified Budget Balance	Change in Annual On Budget Cash Flow	Change in Total Federal Debt Subject to Limit End Of Year	Change in Annual On Budget Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2023	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2024	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025	0.0	0.1	0.1	-0.1	0.1	0.0	0.0	0.0
2026	0.0	0.4	0.4	-0.5	0.4	0.0	0.0	0.0
2027	0.0	0.7	0.7	-1.1	0.7	0.0	0.0	0.0
2028	0.0	0.7	0.7	-1.8	0.7	0.0	0.0	0.0
2029	0.0	0.7	0.7	-2.5	0.8	0.0	0.0	0.0
2030	0.0	0.7	0.7	-3.2	0.8	0.0	0.0	0.0
2031	0.0	0.7	0.7	-4.0	0.8	0.0	0.0	0.0
2032	0.0	0.8	0.8	-4.7	0.9	0.0	0.0	0.0
2033	0.0	0.8	0.8	-5.5	1.0	0.0	0.0	0.0
2034	0.0	0.8	0.8	-6.3	1.0	0.0	0.0	0.0
2035	0.0	0.8	0.8	-7.0	1.0	0.0	0.0	0.0
2036	0.0	0.8	0.8	-7.8	1.1	0.0	0.0	0.0
2037	0.0	0.8	0.8	-8.6	1.1	0.0	0.0	0.0
2038	0.0	0.8	0.8	-9.3	1.2	0.0	0.0	0.0
2039	0.0	0.8	0.8	-10.1	1.2	0.0	0.0	0.0
2040	0.0	0.8	0.8	-10.9	1.2	0.0	0.0	0.0
2041	0.0	0.8	0.8	-11.7	1.3	0.0	0.0	0.0
2042	0.0	0.8	0.8	-12.5	1.3	0.0	0.0	0.0
2043	0.0	0.8	0.8	-13.3	1.4	0.0	0.0	0.0
2044	0.0	0.8	0.8	-14.1	1.4	0.0	0.0	0.0
2045	0.0	0.8	0.8	-14.9	1.4	0.0	0.0	0.0
2046	0.0	0.8	0.8	-15.7	1.5	0.0	0.0	0.0
2047	0.0	0.8	0.8	-16.5	1.5	0.0	0.0	0.0
2048	0.0	0.8	0.8	-17.2	1.5	0.0	0.0	0.0
2049	0.0	0.8	0.8	-18.0	1.6	0.0	0.0	0.0
2050	0.0	0.8	0.8	-18.8	1.6	0.0	0.0	0.0
2051	0.0	0.8	0.8	-19.6	1.7	0.0	0.0	0.0
2052	0.0	0.8	0.8	-20.4	1.7	0.0	0.0	0.0
2053	0.0	0.8	0.8	-21.2	1.7	0.0	0.0	0.0
2054	0.0	0.8	0.8	-22.0	1.8	0.0	0.0	0.0
2055	0.0	0.8	0.8	-22.8	1.8	0.0	0.0	0.0
2056	0.0	0.8	0.8	-23.6	1.8	0.0	0.0	0.0
2057	0.0	0.8	0.8	-24.3	1.8	0.0	0.0	0.0
2058	0.0	0.8	0.8	-25.1	1.9	0.0	0.0	0.0
2059	0.0	0.8	0.8	-25.9	1.9	0.0	0.0	0.0
2060	0.0	0.7	0.7	-26.6	1.9	0.0	0.0	0.0
2061	0.0	0.7	0.7	-27.4	2.0	0.0	0.0	0.0
2062	0.0	0.7	0.7	-28.1	2.0	0.0	0.0	0.0
2063	0.0	0.7	0.7	-28.8	2.0	0.0	0.0	0.0
2064	0.0	0.7	0.7	-29.5	2.0	0.0	0.0	0.0
2065	0.0	0.7	0.7	-30.3	2.1	0.0	0.0	0.0
2066	0.0	0.7	0.7	-31.0	2.1	0.0	0.0	0.0
2067	0.0	0.7	0.7	-31.7	2.1	0.0	0.0	0.0
2068	0.0	0.7	0.7	-32.4	2.1	0.0	0.0	0.0
2069	0.0	0.7	0.7	-33.1	2.2	0.0	0.0	0.0
2070	0.0	0.7	0.7	-33.8	2.2	0.0	0.0	0.0
2071	0.0	0.7	0.7	-34.4	2.2	0.0	0.0	0.0
2072	0.0	0.7	0.7	-35.1	2.2	0.0	0.0	0.0
2073	0.0	0.7	0.7	-35.8	2.3	0.0	0.0	0.0
2074	0.0	0.7	0.7	-36.5	2.3	0.0	0.0	0.0
2075	0.0	0.7	0.7	-37.1	2.3	0.0	0.0	0.0
2076	0.0	0.6	0.6	-37.8	2.3	0.0	0.0	0.0
2077	0.0	0.6	0.6	-38.4	2.4	0.0	0.0	0.0
2078	0.0	0.6	0.6	-39.0	2.4	0.0	0.0	0.0
2079	0.0	0.6	0.6	-39.7	2.4	0.0	0.0	0.0
2080	0.0	0.6	0.6	-40.3	2.4	0.0	0.0	0.0
2081	0.0	0.6	0.6	-40.9	2.4	0.0	0.0	0.0
2082	0.0	0.6	0.6	-41.5	2.5	0.0	0.0	0.0
2083	0.0	0.6	0.6	-42.1	2.5	0.0	0.0	0.0
2084	0.0	0.6	0.6	-42.7	2.5	0.0	0.0	0.0
2085	0.0	0.6	0.6	-43.3	2.5	0.0	0.0	0.0
2086	0.0	0.6	0.6	-43.9	2.6	0.0	0.0	0.0
2087	0.0	0.6	0.6	-44.5	2.6	0.0	0.0	0.0
2088	0.0	0.6	0.6	-45.1	2.6	0.0	0.0	0.0
2089	0.0	0.6	0.6	-45.7	2.6	0.0	0.0	0.0
2090	0.0	0.6	0.6	-46.3	2.7	0.0	0.0	0.0
2091	0.0	0.6	0.6	-46.9	2.7	0.0	0.0	0.0
2092	0.0	0.6	0.6	-47.5	2.7	0.0	0.0	0.0
2093	0.0	0.6	0.6	-48.1	2.8	0.0	0.0	0.0
2094	0.0	0.6	0.6	-48.7	2.8	0.0	0.0	0.0
2095	0.0	0.6	0.6	-49.3	2.8	0.0	0.0	0.0
2096	0.0	0.6	0.6	-49.9	2.8	0.0	0.0	0.0
2097	0.0	0.6	0.6	-50.5	2.8	0.0	0.0	0.0
Total 2023-2097	0.0	50.5	50.5					

Notes: Based on Intermediate Assumptions of the 2023 Trustees Report.
 Ultimate Real Trust Fund Yield of 2.3%.

¹ Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.

² Changes in unified budget cash flows reflect excess revenues to the Federal Government arising from the proposal.

³ New revenues from the proposal reduce theoretical debt held by the public.

**Table 1b.n - OASDI Changes & Implications for Federal Budget Scoring¹ and Federal Debt of Specified Plan Provision Effects on OASDI (Nominal Dollars)
 "Immediate Access for the Terminally Ill Act ", introduced by Senator Lee and Representative Harshbarger**

Billions of Nominal Dollars

<u>Year</u>	Specified General Fund Transfers (1)	Basic Changes in OASDI Cash Flow (2)	Change in Annual Unified Budget Cash Flow ² (3)	Change in Debt Held by Public at End of Year ^{3,4} (4)	Change in Annual Unified Budget Balance ¹ (5)	Change in Annual On Budget Cash Flow (6)	Change in Total Federal Debt Subject to Limit End of Year ¹ (7)	Change in Annual On Budget Balance ¹ (8)
2023	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2024	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025	0.0	0.1	0.1	-0.1	0.1	0.0	0.0	0.0
2026	0.0	0.4	0.4	-0.5	0.4	0.0	0.0	0.0
2027	0.0	0.7	0.7	-1.3	0.8	0.0	0.0	0.0
2028	0.0	0.8	0.8	-2.1	0.8	0.0	0.0	0.0
2029	0.0	0.8	0.8	-3.0	0.9	0.0	0.0	0.0
2030	0.0	0.9	0.9	-4.0	1.0	0.0	0.0	0.0
2031	0.0	0.9	0.9	-5.1	1.1	0.0	0.0	0.0
2032	<u>0.0</u>	<u>1.0</u>	<u>1.0</u>	-6.4	1.2	<u>0.0</u>	0.0	0.0
Total 2023-2032	0.0	5.6	5.6			0.0		

Notes: Based on Intermediate Assumptions of the 2023 Trustees Report.

¹ Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.

² Changes in unified budget cash flows reflect excess revenues to the Federal Government arising from the proposal.

³ New revenues from the proposal reduce theoretical debt held by the public.

⁴ Includes the accumulated effect of interest income.

Office of the Chief Actuary
 Social Security Administration
 November 15, 2023