

## Social Security Related Legislation in 1993

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The first session of the 103rd Congress convened on January 5, 1993, and adjourned on November 24, 1993 (Senate) and November 26, 1993 (House). During this session, some 140 bills of interest to the Social Security Administration (SSA) were introduced and 4 were enacted. This note describes the Social Security-related legislation that was enacted during that session.

### ***The Omnibus Budget Reconciliation Act of 1993 (H.R. 2264), P.L. 103-66***

*(signed August 10, 1993)*

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#### ***Tax Provisions***

##### ***Taxation of Social Security and Railroad Retirement***

***Tier I benefits.***—The legislation increases the percentage of Social Security and Railroad Retirement Tier I benefits that may be subject to income taxes from 50 percent to 85 percent for single taxpayers with incomes over \$34,000 and for married taxpayers filing jointly with incomes over \$44,000. It retains the present law, under which no more than 50 percent of benefits may be subject to income taxes for single taxpayers with incomes from \$25,000 to \$34,000 and for married taxpayers filing jointly with incomes from \$32,000 to \$44,000. Income for benefit taxation purposes would continue to be the sum of the taxpayer's adjusted gross income, any tax-exempt interest income, and 50 percent of the taxpayer's Social Security or Tier I benefits.

Revenues from the additional taxation of benefits will be credited to the Medicare Hospital Insurance (HI) Trust Fund. The provision is effective for taxable years beginning after 1993.

***Availability and use of death information.***—The legislation prohibits disclosure of Federal tax return information to any State that does not have in effect a contract with the Secretary of Health and Human Services under which the State provides death certificate information, without restriction on redisclosure, for the purpose of ensuring that Federal benefits or other payments are not erroneously paid to deceased beneficiaries. The provision is effective 1 year after the date of enactment.

***Repeal of Hospital Insurance contribution and benefit base.***—The legislation repeals the limitation on the amount of earnings subject to the HI tax beginning with calendar year 1994.

***Credit for employer tax on tips.***—The legislation provides a business tax credit for food and beverage establishments equal to the amount of the employer's Social Security tax attributable to covered tips in excess of the tips needed to bring the employee's wages up to the minimum wage.

The provision affects neither the amount of tips covered and taxable for Social Security purposes nor the amount of Social Security taxes credited to the Social Security trust funds. The provision applies to taxes paid after December 31, 1993.

***Employer-provided educational assistance.***—The legislation extends the exclusion for income tax and Social Security purposes of amounts paid, or expenses incurred, by an employer under a qualified educational assistance program. The exclusion applies retroactively to expenses incurred after June 30, 1992 (the date the former exclusion expired), and extends through December 31, 1994.

#### ***Supplemental Security Income Provisions***

***Fees for Federal administration of State supplementary payments.***—The legislation requires States to pay fees for Federal administration of their supplementary Supplemental Security Income (SSI) payments. The fees are \$1.67 for each monthly supplementary payment in fiscal year (FY) 1994, \$3.33 in FY 1995, and \$5.00 in FY 1996. Fees for subsequent years will be \$5.00 or another amount determined by the Secretary to be appropriate. The Secretary may charge States additional fees for services they request that are beyond the level customarily provided in administering State supplementary payments.

The provision is effective with respect to federally administered State supplementary payments for months after September 1993.

***Exclusion from income and resources of State relocation assistance.***—The legislation permanently excludes State and local relocation assistance from countable income and excludes it from resources for 9 months after it is received. (The exclusions were due to expire May 1, 1994.)

***Prevention of adverse effects on eligibility for, and amount of, benefits when spouse or parent of beneficiary is absent from the household due to active military service.***—The legislation continues deeming the income and resources of an SSI beneficiary's spouse or parent who is absent from the household because of active military service. It also excludes

hostile fire pay from income. The provision was effective October 1, 1993.

**Eligibility for children of Armed Forces personnel residing outside the United States other than in foreign countries.**—The legislation expands the provisions of present law for continuing to pay benefits to children of military personnel who accompany their parents overseas to include children whose parents are stationed in Puerto Rico and the U.S. territories and possessions. The provision was effective November 1, 1993.

**Valuation of certain in-kind support and maintenance when there is a cost-of-living adjustment in benefits.**—For the first 2 months for which an SSI cost-of-living adjustment is effective, the legislation requires using the current Federal benefit rate, rather than the benefit rate from the second preceding month under retrospective accounting, to determine the amount of the one-third reduction in SSI benefits. The provision will be effective with respect to benefits paid for months after calendar year 1994.

**Exclusion from income of certain amounts received by Indians from interests held in trust.**—The legislation excludes from countable income up to \$2,000 annually of income that Indians receive from individually owned trust or restricted lands, beginning January 1, 1994.

**Extension of targeted jobs tax credit.**—The legislation extends through 1994 the targeted jobs tax credit provision, which provides tax credits to employers who hire individuals from any of nine designated groups, including recipients of SSI benefits and disabled persons. The provision is effective with respect to qualified individuals who begin employment after June 30, 1992, the date the provision of prior law expired, and before December 31, 1994.

### **Medicare Provisions**

**Medicare as secondary payer.**—The legislation extends through FY 1998 the requirement that, upon request, SSA furnish information about employer-provided health insurance coverage of Medicare beneficiaries to the Health Care Financing Administration.

**Medicare and Medicaid coverage data bank.**—The legislation requires that employers who have group health plans report to the Secretary of Health and Human Services annually (beginning in 1995):

- The name and taxpayer identification number of each individual who elects coverage under the group health plan;

- The type of plan coverage elected, if any;
- The name, address, and identifying number of the group health plan elected by each individual;
- The name and taxpayer identification number of each individual covered by the election;
- The period during which health coverage is available; and
- The name, address, and taxpayer identification number of the employer.

The data collected are to be used to identify third parties responsible for health care costs incurred by Medicare or Medicaid beneficiaries.

**Medicare Part B premium.**—The legislation extends through 1998 the present-law provision under which the monthly Part B (Supplementary Medical Insurance) premium is set at the amount necessary to cover 25 percent of program costs for the aged. Thereafter, the annual percentage increase in the Part B premium will be governed by the Social Security cost-of-living adjustment in the previous year (the limitation on Part B premium increases that applied before 1984).

**Reduction in Part A premium for certain individuals with 30 or more quarters of coverage.**—The legislation reduces the Medicare Part A (HI) premium for aged or disabled individuals who buy in to this protection and who have at least 30 quarters of coverage. The reduction applies to workers, spouses (subject to a 1 year duration-of-marriage requirement), and divorced spouses (subject to a 10 year duration-of-marriage requirement). The premium reduction is 25 percent for 1994, increasing by 5 percent per year until it reaches 45 percent for 1998 and later years. The change applies to current and future Part A beneficiaries and affects monthly premiums for months beginning with January 1994.

### **Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, FY 1994 (H.R. 2518), P.L. 103-112 (signed October 21, 1993)**

The legislation provides FY 1994 funding for SSA's Limitation on Administrative Expenses (LAE) account of \$5.496 billion, including \$320 million earmarked for disability case processing and \$300 million in no-year funds for automation-related investments. This represents an increase of \$200 million for disability case processing from the amount requested by the Administration in the President's budget and a decrease of \$30 million from the amount requested for obligation from the Automation Investment Fund. Of the \$5.496 billion, up to

\$1.8 million is available until September 30, 1995, for expenses necessary for the Commission on the Social Security "Notch" Issue, established by P.L. 102-393.

The appropriation provides \$27.3 billion (including funds advanced in the prior year) for the Supplemental Security Income (SSI) program. Of the \$27.3 billion, \$6 million is to be used for SSI outreach demonstration projects. The Congress also included:

- Authority to fund SSA's work related to the Coal Industry Retiree Health Benefits Act of 1992 (established by P.L. 102-486) from the LAE account; and
- Language that gave recipients of Black Lung benefits a 2.2 percent cost-of-living increase in January 1994, even though Federal employees did not receive a projected 2.2 percent general pay raise.

The reports of the House and Senate Appropriations Committees:

- Express concern about any further deterioration of SSA's ability to process disability cases;
- Note that the General Accounting Office (GAO) has expressed concerns about SSA's automation initiative. The Committees have requested the Office of Technology Assessment (OTA) to review the automation initiative. They request SSA to work with the GAO and OTA, and to provide additional information within 30 days prior to the obligation of 1994 funds; and
- Direct SSA to submit a report to the Committees by December 30, 1993, on the feasibility of establishing a partnership with a not-for-profit institution of higher educa-

tion for the purpose of offering training in state-of-the-art computer information systems.

The Senate Appropriations Committee report also directs the General Accounting Office to review the cost allocation methodology used by SSA to charge the Medicare Trust Funds for Medicare-related work performed by SSA.

***Departments of Treasury, Postal Service,  
and General Government Appropriations  
Act, FY 1994 (H.R. 2403), P.L. 103-123***  
*(signed October 28, 1993)*

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The legislation extends until December 31, 1994, the due date for the final report of the Commission on the Social Security "Notch" Issue. The final report of the 12-member Commission, which was created by P.L. 102-393 to study the notch issue and report its findings to the Congress, was originally due December 31, 1993.

***Unemployment Compensation  
Amendments of 1993 (H.R. 3167),  
P.L. 103-152 (signed November 24, 1993)***

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The legislation includes an amendment to increase from 3 years to 5 years the period during which the income and resources of an immigrant's sponsor will be "deemed" to the immigrant for purposes of determining the immigrant's eligibility for and the amount of SSI benefits. The provision is effective for the period January 1, 1994, through September 30, 1996.