

CHAPTER V
DEFINITION OF "AGED" ISSUE

A. PREAMBLE TO CHAPTER

The SSI statutory definition of an aged individual as one who is 65 or older perpetuates the age limit used in the Federal/State grant program of Old Age Assistance which was replaced by SSI. It is also currently the age at which full retirement benefits are payable under the retirement and survivors insurance program. The Medicare and Medicaid programs use age 65 as an entrance point for the nondisabled.

In other programs, different ages have a role in eligibility determinations. For example, under the retirement and survivors social insurance program, an insured individual can collect "early retirement" benefits at age 62, and older women and men may begin collecting widow(er)s' benefits at age 60. The Older Americans Act sets age 60 as the point of eligibility for programs it funds. On the other hand, beginning with the year 2000, the age for unreduced social insurance retirement benefits (age 65) will increase gradually until it reaches age 67 in the year 2022.

A review of six other countries (Australia, Austria, Canada, Finland, The Netherlands, and Switzerland) shows that all use age 65 for men as a criterion for entitlement to benefits. However, only three of the six use that age for women: Australia and Austria use age 60 while Switzerland uses age 62. In the United States, people are considered, by a variety of programs, to be "seniors" at points ranging from 50 to 65.

B. LOWERING THE AGE LIMIT FOR "AGED" BENEFITS

Background Information:

For SSI purposes, a person must be at least 65 in order to be considered "aged". Being under age 65 means that SSI eligibility is possible only for those who are disabled or blind. If a person who is becoming older, but is not yet 65, files for benefits on the basis of disability, both the SSI and the disability social insurance programs take age into consideration when assessing ability to work. That is, they recognize that age can affect a person's ability to adapt to a new work situation and to work competitively. However, being older does not, of itself, constitute being disabled.

A study of SSI disability applications received in 1989 from people between the ages of 50 and 64 gives some clues to the number of potential eligibles if SSI had a lower limit for its "aged" population.

Category	Total	Age	
		50-59	60-64
Claimants meeting "means" test	266,748	191,879	74,869
Awarded benefits	158,464	109,091	49,373
Medical denials	108,284	82,788	25,496

NOTE: The figures above are only pointers, not definitive indicators of potential eligibles. They show only older people who were needy and who considered themselves disabled but did not meet the medical criteria for disability. For example, there could be many more than 25,500 new eligibles. age 60-64 since not all needy people in that age group would have filed claims on the basis of disability.

One of the significant differences between eligibility on the basis of age and eligibility on the basis of disability or blindness relates to work incentives. Although employment can be an effective tool in preventing or reducing poverty among older Americans, most of the SSI work incentives apply only to those who are blind or disabled. For this reason, a majority of the experts support extending all work incentives to the aged (see Part C of Chapter IV).

Experts' Discussion of "Age" Issue:

Most of the experts concluded that the age requirement for SSI eligibility should be lower than 65. A majority of them favored lowering the age requirement to 62 although a few experts preferred lowering it to age 60.

The experts who favored lowering the age requirement to 62 did so in order to provide a linkage with the retirement and survivors insurance programs which, in most instances, allow for reduced retirement benefits at age 62--although, for aged widow(er)s the age is 60. They believed an age 62 SSI requirement would provide a better economic safety net.

The same majority of experts favored phasing in the 3-year age reduction, from 65 to 62, one year at a time. They believed that a gradual change would be easier to administer and would permit phasing in the additional program costs.

The experts also discussed making the SSI age requirement **as** low as 50. They said this might provide a bridge for **people**, such **as** displaced homemakers and widows, who have been out of the workforce for a number of years and are unable to find work due to their age or lack of marketable skills. In general, the majority concluded that lowering the age requirement that much might reduce benefits under some State or local government programs. For example, general assistance programs sometimes provide a lower level of assistance to the elderly than to the **nonaged**. There was also concern that encompassing a larger group of "**aged**" eligibles might stretch limited funds to the point where, eventually, there would have to be restrictions on future benefits for the frail elderly age 80 and over.

Recapitulation of Experts' Opinions on "Age":

<u>Option</u>	<u>Experts Supporting</u>
1. Lower the age requirement to age 62, phased in over 3 years.	16
<p><u>Comment:</u> One expert, who supports this option, expressed a preference for reducing the age to 60 over a 5 to 10 year period, depending on other priorities.</p>	
2. Lower the age requirement to age 60.	
3. Extend the SSI program to low income (unemployed or marginally employed) workers and spouses age 62-65 and widow(er)s age 60-65 who are eligible for a low social security insurance benefit.	4

C. OPTION PREFERRED BY A MAJORITY OF EXPERTS
SUMMARY AND COST ESTIMATES

Sixteen of the eighteen experts who took a position on the definition of "aged" believe that the age requirement should be lowered from the current 65 to age 62 and that the change should be phased in, 1 year at a time, over 3 years.

This majority of experts sees lowering the age limit as creating greater consistency with the social insurance retirement program and making it possible to provide SSI to older people who, though not technically disabled, have found it necessary to stop working for reasons of health.

Estimated Cost
(In millions)

<u>Fiscal</u> <u>Year</u>	<u>SSI</u> <u>Program</u>	<u>SSI</u> <u>Administrative</u>	<u>Medicaid</u> <u>Program</u>
1993	\$ 40	Negligible	\$ 20
1994	178	\$ 10	115
1995	351	10	255
1996	481	10	390
1997	528	Negligible	460

* * * * *