

ENHANCING THE SAFETY NET FOR ELDERLY AND DISABLED ADULTS

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Introduction and executive summary

There is little doubt that Social Security and other aspects of the safety net have dramatically reduced poverty and financial hardship among older adults. Using the Supplemental Poverty Measure (SPM), a more comprehensive metric relative to the Official Poverty Measure (OPM), we find that poverty among older adults was [around 6%](#) in 2021. This estimate uses the National Experimental Well-being Statistics (NEWS), which leverages administrative data and other techniques to correct survey data for the underreporting of income.

Why should we care about poverty among older adults, especially if the NEWS-adjusted estimate is found to be low and the most accurate statistic? Although the elderly poverty rate is similar to that of nonaged adults (6.2%) and children (5.5%), the problem demands attention for several reasons. First, while NEWS estimates of elderly poverty are not available for 2025, survey data show that the elderly supplemental poverty rate has increased by [almost 5 percentage points](#) since 2021.

Furthermore, financial hardship among older adults, including the poor and near-poor, presents unique challenges and consequences which require special consideration. Older adults [are prone to](#) significant and unexpected hardships due to medical episodes and their costly treatments. Health fragility often means that the [consequences of financial hardships](#), such as missed medical treatments, poor nutrition, and deteriorated living conditions, compound quickly and are difficult to reverse. Additionally, relative to working-age adults, older adults are less capable of increasing their income with labor due to outdated skill sets or age discrimination. Moreover, when the financial and consequential burdens become too great, they can have [significant effects on younger generations](#) who must use their own resources to help. Efforts to reduce elderly poverty have positive spillovers among the nonelderly, especially people with disabilities who are often served by the same programs as older adults, and children who may be living in multigenerational households.

Finally, unlike with child poverty, there is little consensus on how to reduce poverty among older adults. For example, among child advocates there is general agreement that the child tax credit should be enhanced and that this policy alone could reduce child poverty substantially. In the community of advocates and policymakers working with older adults, there is much less agreement. Some believe we should reduce poverty through the Social Security program, while almost no one argues for reducing elderly poverty by eliminating or lowering Medicare premiums for low-income individuals.

In the effort to build consensus about policy options, this paper will demonstrate a way to reduce elderly poverty to 2.2%. The policies presented in this paper would also significantly improve incomes for near-poor elderly and families with disabled members.

The programs that exist to help support older adults are proving inadequate. They are often out of date, do not contain automatic adjustments for economic conditions such as inflation, and are strained by the needs of the rapidly aging population. Addressing financial insecurity among older adults requires a creative, multipronged revisiting of existing social programs to modernize policy in a way that better serves those who are receiving assistance. Furthermore, policy changes in these programs would also likely improve economic conditions for low-income disabled individuals.

In this paper, we will primarily focus on Supplemental Security Income (SSI), the Supplemental Nutrition Assistance Program (SNAP), and Medicare. We also touch on housing policy and the Social Security program. Each program has its own administrative processes and specific eligibility

requirements, and supports the population in a different way. Many of the ideas presented in this paper have been written about previously in issue briefs as part of the broader [“Promoting economic security for older adults”](#) collection at the Brookings Institution. In addition to enhancing support programs for low-income older and disabled adults, another important pillar of the project is to restore solvency to the Social Security program. The policy changes described in this paper should be addressed at the same time as Social Security solvency. Pursuing these safety net policy changes simultaneously with Social Security solvency would result in providing economic support for all older and disabled adults.

We propose broad-based SSI benefit expansions, simplifying the SSI program, updating the interaction between Social Security and SSI, increasing participation rates in SSI and SNAP, lowering premiums for low-income Medicare beneficiaries, implementing a Medicare out-of-pocket limit, and improving housing policy. Together, these safety net policy changes are estimated to cost \$1.7 trillion over a 10-year window. Although expensive, the SSI policy changes would be more efficient than other poverty-reduction proposals involving Social Security. We anticipate our package of proposals, if enacted, would lift nearly all older adult and disabled SSI beneficiaries out of poverty (except for families with substantial assets), as well as substantially improve the incomes of older adult individuals living up to 200% of the poverty level. Overall, we estimate that our proposals would reduce poverty among older adults by 60%, even when starting at the lower NEWS-adjusted baseline. This meaningful reduction in poverty translates to a significant increase in the well-being of older adults in the United States.

Poverty among the older adult population

How poverty is measured depends on the definition being used. Every year, the Census Bureau measures poverty in two ways: the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM). The SPM more comprehensively captures broad social and economic circumstances [compared to the OPM](#). While the OPM is based on cash income and has remained mostly unchanged since the 1960s, the SPM includes cash and noncash benefits, taxes, and spending on basic needs, varies by place of residence, and includes an expanded definition of the family unit. Because of its ability to better characterize the full package of resources an individual lives with, the SPM is our preferred metric. Beyond the SPM, the recent NEWS effort from the Census Bureau captures additional data through surveys, the decennial census, administrative records, and third-party data to adjust for misreporting of income. Table 1 highlights two poverty rates: one representing the SPM using Current Population Survey Annual Social and Economic Supplement (CPS ASEC) data, and one from NEWS.

TABLE 1

Poverty rates among older adults under different supplemental poverty measures

Year	Survey data	NEWS	Difference (Percentage points)
2016	14.5%	7.4%	7.1%
2017	13.6%	7.7%	5.9%
2018	13.6%	7.5%	6.1%
2019	12.8%	7.4%	5.4%
2020	9.4%	4.7%	4.7%
2021	10.6%	6.1%	4.5%
2022	13.8%	N/A	N/A
2023	14.0%	N/A	N/A
2024	15.1%	N/A	N/A
2025	15.4%	N/A	N/A

Source: Census Bureau Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) and National Experimental Well-Being Statistics (NEWS).

Note: N/A: Not Available.



We utilize [NEWS results](#) to adjust survey data for underreporting of retirement and Social Security income in the CPS ASEC. We combine this survey data with the [Urban Institute's Transfer Income Model \(TRIM\)](#), which corrects for underreported safety net income (SNAP, Temporary Assistance for Needy Families (TANF), and housing vouchers). We also correct for underreporting of SSI benefits with an internal microsimulation implementing corrected income, current program rules, and aggregate program statistics. Our methodology is outlined in the technical appendix. After implementing these sources, we estimate the SPM poverty rate to be 5.6%, even lower than NEWS suggests. Table 2 shows the resulting poverty rates among different demographic groups in 2021.

As seen in Table 2, poverty is not experienced uniformly across older adults. For example, poverty rates are higher among families that do not receive Social Security and among Black and Hispanic older adults. Systemic factors contribute to higher poverty rates among older adults of color, such as labor market discrimination, occupational segregation into low-paying jobs, lower homeownership rates, and fewer intergenerational wealth transfers. Although poverty among older adults has decreased relative to previous decades, too many remain living with insufficient resources.

TABLE 2

2021 Elderly poverty rates, unadjusted and adjusted for survey underreporting

Demographic group	CPS ASEC (Unadjusted)	Current law model (Adjusted)
Aged 65+	10.1%	5.6%
Male Aged 65+	8.9%	4.9%
Female Aged 65+	11.2%	6.2%
Aged 80+	13.1%	6.9%
Male Aged 80+	11.1%	6.1%
Female Aged 80+	14.6%	7.4%
Female 80+, White	14.0%	6.9%
Female 80+, Black	15.6%	8.2%
Female 80+, Hispanic	22.9%	11.2%
Noncitizen Aged 65+	24.7%	20.6%

Source: Authors' calculations from microsimulation. See technical appendix for additional details.

Note: Poverty rates are for citizens, except for "Noncitizen Aged 65+".



Older adults have had gains in poverty reduction since about the 1960s, when historical estimates using the SPM indicate a poverty rate of nearly 40%. However, poverty reduction has not been achieved in the same way among people with disabilities. In 2010, poverty as measured by the SPM among working-age adults with disabilities was [about 28%](#). The Census Bureau and other organizations measuring poverty do not routinely publish poverty among people with disabilities using the SPM, which is one of our reasons for focusing the analysis only on older adults. The SPM poverty rate for disabled adults has fluctuated somewhat over time but decreased to about 12.6% in 2021, according to NEWS.

High poverty rates for older and disabled adults have implications for well-being. The Gerontology Institute at the University of Massachusetts Boston developed the Elder Economic Security Standard Index, or [Elder Index](#), to measure the cost of meeting basic needs for people aged 65 years or older who live independently in one- or two-person households. Using the Index, [Mutchler and Roldán \(2022\)](#) concluded the average Social Security benefit was enough to cover only 68% of basic living expenses of housing, food, transportation, and health care for a single renter in 2021, and 81% for an older couple. Looking forward, [Johnson and Smith \(2022\)](#) considered the adequacy of future retirees given trends in defined benefit and defined contribution employer plans and other factors. They concluded that among early millennials born in the 1980s, about 38% will have inadequate income at age 70 compared to 28% of pre-boomers.

Therefore, policy changes must be enacted to promote economic security among older and disabled adults. In the remainder of this paper, we outline policies that support low-income older and disabled adults and propose practical changes to these programs that reduce poverty. We conclude with estimates of cost and poverty reduction under these combined policy solutions. While we can most clearly estimate and describe the impact on older adults, the cost estimates reflect costs for both older and disabled adults.

Overview of current programs aiding older and disabled adults

There are numerous federal programs that exist to support the economic security, health, and well-being of older and disabled adults across the income distribution. Below, we focus on SSI, SNAP, health insurance programs, housing supports, and Social Security. Both means-tested and non-means-tested programs play an important role in improving economic and physical well-being among low-income older and disabled adults.

Supplemental Security Income

The Supplemental Security Income (SSI) program uses a national eligibility standard to provide federal benefits to low-income older adults and people with disabilities. The SSI program effectively establishes a floor on income for beneficiaries by setting a maximum monthly benefit, known as the federal benefit rate (FBR). In 2026, [the FBR is](#) \$994 for an individual and \$1,491 for a couple. To be eligible for SSI as an older adult, an individual must be aged 65 or older and have sufficiently low income and assets. Adults under age 65 [must have](#) a disabling condition that impacts their ability to engage in substantial work in addition to having low income and assets. The federal SSI program is an incredibly important source of income assistance, supporting [8.1 million individuals](#) for at least one month in 2024. Nearly 2.6 million older adults received at least one SSI payment during the year—of whom, in December 2024, [37%](#) received no other income besides SSI. In 2026, in the circumstance that the SSI FBR is a beneficiary's only source of income, [an individual is brought to](#) only 75% of the federal poverty level (FPL) and a couple to 83% FPL.

SSI benefits are crucial to poverty alleviation, with [roughly 80%](#) of SSI benefit dollars being received by individuals who were in poverty before accessing their benefits. Yet, SSI participation rates are low. Participation rates of older adults in the SSI program have historically been understudied, but [the best available evidence](#) suggests that only about half of eligible older adults receive benefits—a figure which has remained generally constant since the program began in the 1970s. National estimates obscure the wide range of participation rates across different states. Recent estimates from the Urban Institute suggest that in 2023, state-level participation varies from about [16% to 61%](#).¹ Overall, 36 states have participation rates below the national average. There is even further variation at the county level, with only 11 states having at least a 20% participation rate in all counties.

Furthermore, elements of the SSI program are extremely outdated. The income disregards have not changed since the program's creation in 1972, and the asset limits were last raised modestly in 1989. [Both have been dramatically outpaced by inflation.](#) The low asset limits, at \$2,000 for an individual

1 Only 16% of eligible older adults received SSI benefits in North Dakota on the low end, compared to 61% in Alaska on the high end.

and \$3,000 for a couple, prevent beneficiaries from having any meaningful amount of savings. SSI has made some changes to modernize in-kind support and maintenance (ISM) rules, meaning rules governing assistance that an individual receives that is paid for by someone else. For example, [food has been excluded](#) from in-kind support calculations, thereby lessening the restrictiveness of this benefit determination process slightly. However, due to [other ISM rules](#), many caregiving and living arrangements have the potential to reduce a beneficiary's benefit level.

Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (SNAP), another important federal program, is designed to reduce food insecurity among low-income individuals in the United States by providing a monthly benefit for food purchases. [SNAP eligibility](#) is dependent on income and resources, and varies based on household composition. Households with older adult or disabled members are subject to [slightly different rules](#), such as exempting members aged 65 and older from work requirements. In fiscal year 2024, SNAP served about [42 million participants](#) per month. Adults aged 60 and older compose a moderate share of all individuals who receive SNAP, at just [under 20%](#) during fiscal year 2024.

Like SSI, the participation rate of older adults in SNAP is quite low. In 2022, [only 55%](#) of eligible adults aged 60 and older participated in the program, which represented under 70% of potential benefits to eligible older adults being received. There is significant variation in the participation rate at the state level. In 2023, the SNAP participation rate among adults aged 65 and older [ranged from](#) 12.6% in Wyoming to 6% in Massachusetts. In all, 37 states had a participation rate below the national average of 37.7%. Additionally, 130 counties across the country had participation rates below 20%. Administrative burdens associated with accessing SNAP [likely contribute](#) to these low participation rates.

Housing

Housing is an important social driver of health. Housing interventions for low-income people [have been found](#) to improve health outcomes and decrease health care costs. The Harvard Joint Center for Housing Studies projects that the number of very low-income older adult households [will grow](#) from 5.3 million in 2018 to 7.9 million in 2038. Homelessness among older adults has increased in recent years. Data from the U.S. Department of Housing and Urban Development (HUD) show that the number of older adults experiencing sheltered homelessness [rose 17.6%](#) from 2019 to 2021. In addition, there has been an [increase of 73%](#) in chronically homeless adults over 65 years of age. Moreover, [2.35 million households](#) with older adults in 2021 had worst-case needs, defined as renting households with incomes at or below 50% of area median income who do not receive government housing assistance and who pay more than half of their income toward rent, live in severely inadequate conditions, or both. The number of older households facing worst-case needs has steadily climbed over the past decade.

Housing assistance for older adults is available for a limited number of needy individuals through the [Section 202 Supportive Housing for the Elderly program](#) and the [Section 8 Housing Choice Voucher](#), both run by HUD. HUD also provides housing to disabled adults through the [Section 811 Supportive Housing for Persons with Disabilities](#) program. In Section 202, HUD funds nonprofit organizations that build and operate rental properties for low-income households with older adults. However, to pay for the design, construction, and ongoing operating costs, developers generally need to rely on a complex combination of financing mechanisms. Those [include use of](#) low-income housing

tax credits, local affordable housing grants and subsidies, and mortgage revenue bonds.² In recent years, the Section 202 program has not funded development of new units but has continued to support rent subsidies. In that way, it has come to resemble the Section 8 program.

The Section 202 program serves about one third of the population over age 65 that qualifies for housing based on income and assets. Waiting lists for placement [are long](#), with wait times of two years or more. For extremely low-income households that include people with a disability and that are most likely to qualify for HUD assistance, 70% of U.S. households and 53% of renters [do not receive HUD assistance](#).

Health insurance

Several health insurance programs in the United States support older adults and low-income individuals. Medicare is a federal program that provides insurance for adults aged 65 and older and younger adults with disabilities. Medicaid is a joint state and federal program that provides insurance to low-income individuals. Health insurance premium payments [represent a larger share](#) of income for older adults in poverty than for those across the income distribution living above the poverty level.

Current programs aimed at alleviating the premium burden, such as the Medicare Savings Programs (MSP) and the Low-Income Subsidy (LIS), are ineffective because of low participation rates and limited eligibility. [MSPs are designed](#) to assist low-income beneficiaries in paying for Medicare Part A and Part B premiums and some deductibles, coinsurance, and copayments. However, participation rates in an MSP were [only 46.4%](#) among eligible older adults in 2018. Participation rates at the state level varied between 20.6% in North Dakota and 67.1% in Washington. The variation in participation rates has large implications for older adults who have difficulty paying their medical bills.

In general, Medicare beneficiaries are [often liable for high cost-sharing](#) in the form of deductibles and coinsurance, with traditional Medicare having no limit on out-of-pocket spending. Additionally, Medicare does not cover important services for older adults, such as long-term care. [Dual enrollees in Medicare and Medicaid](#) can access long-term services and supports (LTSS) through Medicaid; however, the type of services available to beneficiaries varies by state. Federal policy is more generous to low-income adults under age 65 who have insurance coverage through the Affordable Care Act (ACA) Marketplaces. As such, aging into Medicare [can cause large increases](#) in health care spending by older adults.

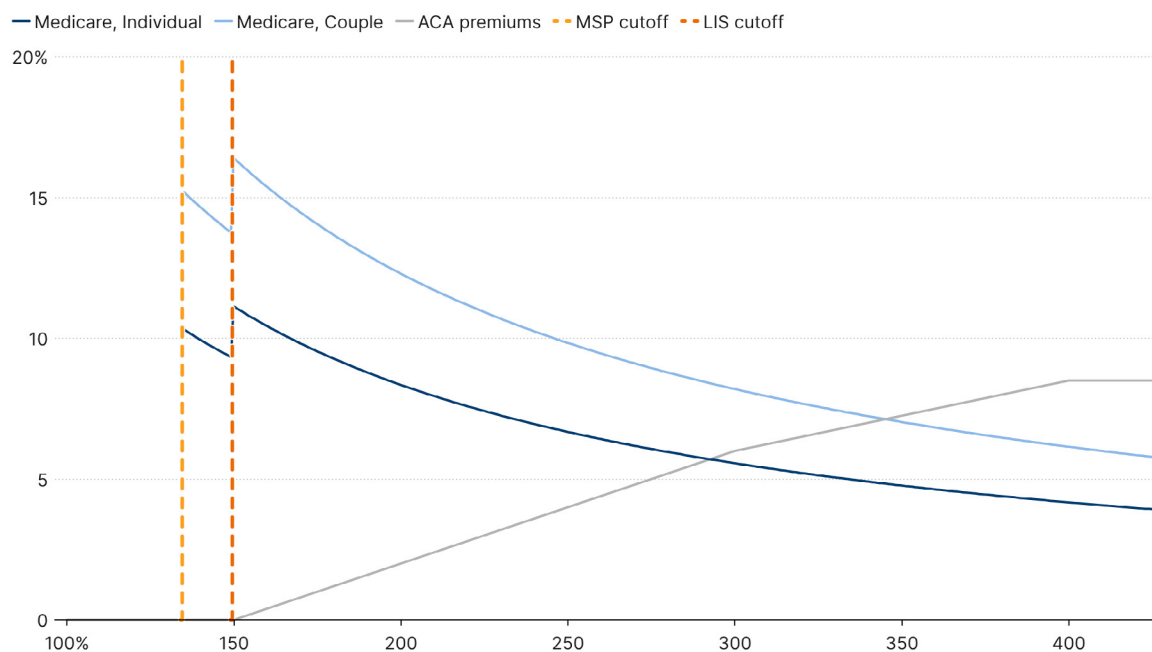
In 2026, Medicare beneficiaries [pay a premium of](#) \$202.90 for the Part B program and a base rate of \$38.99 per month for the Part D program. The Part D program premium varies depending upon the actual prescription drug plan selected. These premiums are an enormous burden for low-income beneficiaries. At 135% of the poverty threshold, where eligibility for MSPs ends, these premiums represent 13.5% of income for an individual or 20% of income for a couple.³ These older adult beneficiaries pay slightly over \$2,900 yearly. This stands in stark contrast to what is expected from the nonelderly Marketplace beneficiaries. In 2024, in the ACA Marketplace, there were no premiums for any family that had income under 150% of the poverty threshold. This is illustrated graphically in the chart below that depicts premium payments for a single individual and a couple in Medicare compared to premiums for Marketplace beneficiaries in 2024.

² Mortgage revenue bonds are bonds issued by a municipality to support the development of affordable housing. The bonds are used to reduce the interest costs for developers.

³ Authors' calculations using [ASPE's 2026 poverty guidelines](#).

FIGURE 1

Percentage of income spent on program premiums by FPL including MSP and LIS programs



Source: Authors' calculations using 2024 Medicare Part B and Part D Premiums, LIS benefit schedule, MSP benefit schedule, ACA Premiums, and ASPE Poverty Guidelines.

Note: The Senate did not extend the ACA Premium Assistance Tax Credits in December 2025. As a result, the 2026 ACA premiums are moderately higher (about 2% of FPL) than the 2024 premiums depicted above.

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ACA: Affordable Care Act; FPL: Federal Poverty Level; LIS: Low-Income Subsidy; MSP: Medicare Savings Program

Social Security

Created nearly a century ago, Social Security is a [very important income support program](#) for older and disabled adults. Social Security provides monthly benefits to retired workers aged 65 or older, workers who develop serious disabilities, and their dependents and survivors. In April of 2026, the Social Security program paid benefits to [over 68 million](#) beneficiaries, including older adults, disabled individuals, early retirees, dependents, and survivors. While an individual's Social Security benefit is dependent on the work history of themselves or their family member, [eligibility for Social Security Disability Insurance \(SSDI\)](#) also requires a beneficiary to have a medical condition that meets the Social Security definition of disability. An individual is not eligible for SSDI if they have a short-term or partial disability. Social Security and SSDI benefits are paid from [the Old-Age and Survivors Insurance \(OASI\) and Disability Insurance \(DI\) trust funds](#).

The OASI trust fund is rapidly approaching depletion, with [the OASI fund being depleted](#) by the end of calendar year 2032. Depletion of the trust fund is occurring [for numerous reasons](#), including the aging of the United States population, fewer births, and the resulting reduction in the number of workers able to cover beneficiaries. Increased earnings inequality over the past decades has also [reduced revenue](#) into the program. At the point of OASI insolvency, Social Security would only be able to pay [about 78%](#) of scheduled benefits. Insolvency poses a major risk to the economic security of those receiving benefits. It is likely that people with lower incomes [will be most impacted](#) by the

depletion of the trust fund. Social Security is a key program in poverty alleviation, with [nearly 29 million](#) Social Security beneficiaries being lifted out of poverty under the SPM definition because of their receipt of Social Security benefits. Of these beneficiaries, about 20 million are aged 65 and over.

Changes to current policies

Existing social insurance programs can be modified to better support and reflect the experiences of low-income older and disabled adults. In the following section, several policy proposals are outlined. These proposals primarily focus on changes to SSI, although they are supplemented with recommendations regarding housing and health insurance programs. The set of changes to SSI is meant to enable most SSI beneficiaries to live above the poverty level, but it also improves the financial security of the near-poor. The policies include broad-based SSI benefit expansions, simplifying the SSI program, updating the interaction between Social Security and SSI, increasing participation rates in SSI and SNAP, improving housing policy, lowering premiums for low-income Medicare beneficiaries, and implementing a Medicare out-of-pocket limit. Many provisions have been highlighted individually in previous issue briefs and are [discussed at length here](#). The authors envision these policy changes being pursued alongside Social Security solvency legislation.⁴ All proposals are assumed to take effect in 2027, and dollar amounts are expressed in 2027 U.S. dollars unless stated otherwise. While the focus of this paper is on the older adult population, many of the policies proposed here would provide assistance to low-income disabled adults in addition to older adults.

Broad-based SSI benefit expansions

[Over a third](#) of aged SSI beneficiaries in 2023 received no other income besides their SSI benefit. Today, assuming that a single beneficiary's only income was the FBR, they would be [brought to 75%](#) of FPL. Given that the expressed goal of SSI is to create an income floor, it is important for that floor to equal a meaningful amount of support for beneficiaries. Therefore, we propose increasing the SSI FBR by \$70 for a single individual and \$105 for a couple.⁵ The FBR increase would be indexed to inflation. With the other proposals outlined in this paper, a broad-based benefit would ensure that a program participant would usually have an overall income that reaches or exceeds the poverty level, especially if they receive even a very modest Social Security benefit.

⁴ [See the proposal](#) for restoring Social Security solvency.

⁵ A version of this proposal was initially introduced in the previous issue brief: [Increasing SSI benefits is a more effective approach to reducing poverty than an enhanced Social Security minimum benefit](#). See the brief for further discussion and details of the proposal.

Improve and simplify the SSI program

The [SSI program has rules](#) that have not kept up with inflation, in addition to rules that are expensive for the Social Security Administration (SSA) to administer and discourage participation. We recommend the following changes:⁶

- Increase the asset limit from \$2,000 to \$10,000 for an individual and from \$3,000 to \$20,000 for a couple and index these amounts to inflation.⁷ In addition, exclude \$50,000 in dedicated retirement savings accounts for an individual and \$75,000 for a couple and index to inflation. The SSA would check the retirement account amounts upon initial eligibility determination, and a beneficiary would not be penalized if account values increased due to investment returns.
- Increase the earned income disregard from \$65 to \$200 and index it to inflation. Currently, the SSI program has a general income disregard of \$20 and an earned income disregard of \$65. After these disregards, the beneficiary's SSI benefit is decreased by 50 cents for every dollar in earnings, or a 50% reduction. Under current rules, the SSI program begins reducing SSI benefits at a [50% rate](#) even before a beneficiary has enough income from SSI and earnings to be above the poverty line.
- Eliminate the ISM requirements in SSI. ISM includes help with payment on rent, mortgage, and utilities. These requirements are complicated and time-consuming for the SSA to enforce and result in unnecessary errors and overpayments.
- Between SSI redetermination reviews, direct the SSA to hold beneficiaries harmless for fluctuations in earnings or assets relative to the prior redetermination. This policy would [substantially reduce](#) harmful overpayments.

These policy changes would do much to improve the financial security of poor older and disabled adults. While materially improving SSI benefits, they would also reimagine current, stringent eligibility rules. Because current rules have not been updated to reflect changing economic conditions, outdated eligibility limits prevent beneficiaries from pursuing positive financial decision-making. For example, low asset limits actively discourage SSI recipients from being able to build up their savings for fear of becoming ineligible for the program—given that saving only to the level of the asset limit is not enough to offset the financial security that the SSI benefit provides. Furthermore, eliminating the ISM rules would allow more flexibility in living arrangements for SSI beneficiaries. ISM rules [are restrictive and difficult](#) to navigate. Removing these rules would help support older and disabled adults navigating more untraditional living and caregiving arrangements.

Updating the interaction between Social Security and SSI

A central element of our proposal is [adjusting the way the SSI program interacts](#) with the Social Security program. The goal is to create a fairer program that better reflects past work. In April 2026, [about 2.5 million](#) individuals received both Social Security and SSI benefits. When an individual receives Social Security and SSI, the SSI benefit is calculated by disregarding \$20 from their Social Security benefit and then deducting one dollar of SSI benefit from the FBR for each dollar of Social Security benefit. A qualifying individual's overall payment may be raised by SSI benefits if Social Security benefits alone are low. Therefore, it is possible for an individual with no earnings, a low

⁶ The following provisions are outlined in [Increasing SSI benefits is a more effective approach to reducing poverty than an enhanced Social Security minimum benefit](#). See the brief for further discussion and details of the proposal.

⁷ As proposed in the [SSI Savings Penalty Elimination Act](#).

earnings record, or a work history that is not recognized by Social Security benefits to receive essentially the same total combined income from SSI and Social Security as someone who makes roughly \$1,000 a month once they reach age 65—even though the former individual has at most a small Social Security benefit, and the latter has a substantial Social Security benefit.

Due to this interaction, we calculate that a worker who is on the cusp of SSI eligibility and receives just the disregard amount per month in SSI benefits because of their Social Security benefit has contributed [over \\$60,000](#) in payroll taxes over their lifetime of earnings.⁸ To better maintain the benefit-contribution link that is fundamental to Social Security while enhancing economic security of retired workers, we propose increasing the current \$20 disregard to \$60, indexing the \$60 to inflation, and adding an additional 40% disregard to the remaining Social Security benefits when calculating an individual's SSI benefit.⁹ Given that the disregard has not been changed since the 1970s and is equivalent to a value of [about \\$160 today](#), the \$60 portion of the disregard is a modest increase.

Table 3 illustrates how the proposal would increase the amount of Social Security income disregarded when determining SSI eligibility and benefit levels. That is, someone receiving \$400 in monthly Social Security benefits would receive a \$196 disregard, while someone receiving \$1,000 per month would receive a \$436 disregard. As a result, more Social Security income would be excluded from SSI calculations, allowing eligible older adults to retain a larger share of their SSI benefits and increasing overall income support. And the additional amount disregarded would increase the return on Social Security payroll taxes.

TABLE 3
Amount of Social Security benefit disregarded under current law and proposal

Monthly Social Security benefits	Current law	Proposed law
\$400	\$20	\$196
\$600	\$20	\$276
\$800	\$20	\$356
\$1,000	\$20	\$436

Source: Authors' calculations, which assume Social Security benefit is the only source of income deemed "unearned" by Supplemental Security Income for this hypothetical recipient.



⁸ Analysis updated to reflect the 2026 FBR.
⁹ Two Social Security experts made a proposal similar to this one in 1981. See Burkhauser, Richard, and Timothy Smeeding, "The Net Impact of the Social Security System on the Poor," *Public Policy*, Vol. 29, No. 2, 1981.

Many concurrent Social Security and SSI beneficiaries became eligible for benefits based on disability, with [1.1 million disabled adults](#) concurrently receiving Social Security and SSI in 2026. While these workers contributed to Social Security for a shorter period due to the experience of a serious work-disabling condition, they are entitled to a comparable benefit to a retiree based on their work history.

Increase participation rates in SSI and SNAP

We recommend simplified enrollment procedures for SSI and SNAP to greatly increase participation rates in both programs.¹⁰ [Low participation rates in SSI and SNAP](#), at 50% and 30%, respectively, suggest that many older adults are not accessing a meaningful amount of assistance that they are entitled to receive. These low participation rates are likely related to [high levels of administrative burden](#) prevalent in both programs, stigma, discomfort with technology, unclear program rules, and underfunding and understaffing of government agencies such as the SSA. We propose significantly altering current program application processes for older and disabled adults to reduce these barriers and make enrollment more streamlined and automatic, and therefore increase participation rates in the programs. Additionally, for aged adults jointly eligible for both SSI and SNAP, we propose to automatically enroll aged SSI recipients in SNAP, and those receiving SNAP in SSI.

The SSA already leverages tax information provided by the Internal Revenue Service (IRS) to determine which enrollees [must pay an income-related premium in Medicare](#). The SSA could use this same IRS tax data to notify [individuals who meet the SSI income eligibility threshold but are not enrolled in SSI](#) that they might be eligible for the program. If no income tax return has been filed, the IRS would share other income reports for the potential beneficiary with the SSA, and the SSA would check to determine whether the individual had other unreported income. Based on the IRS tax data and other collected income information, the SSA would send a notice indicating that the individual is eligible for SSI based on their income, conditional on meeting asset limits. The notice would prompt the individual to provide further information on their assets. More individuals would become connected to the enrollment process via this initial notification. This type of streamlined enrollment process could be applied to a broad range of social programs, including SNAP.¹¹ Under this proposal, the SSA would be responsible for administering SNAP benefits for a large share of the low-income older and disabled adult population.

Certain program rules would be modified to accommodate the adoption of this new enrollment procedure. The period over which SSI and SNAP benefits are calculated would be one year, as opposed to current rules in which SSI benefits are determined by monthly income.¹² The beneficiary's income and asset information from two years prior would determine eligibility and benefit amount in the current period, given that the income information is now coming from the IRS. This aspect of the proposal rests on the assumption that income among older and disabled adults does not fluctuate much on a month-to-month basis, allowing for the proposed one-year, lagged accounting period. For SNAP, individuals must not also be receiving benefits from their state agency

10 These procedures are discussed in [Increasing SSI benefits is a more effective approach to reducing poverty than an enhanced Social Security minimum benefit](#), and outlined in greater detail in the issue brief: [Reducing poverty among older and disabled adults by increasing participation in SSI and SNAP](#).

11 See the issue brief: [Reducing poverty among older and disabled adults by increasing participation in SSI and SNAP](#), for further discussion about program rules that would need to be adjusted and groups eligible for enrolling through these proposed procedures.

12 Currently, the SNAP certification period for many households is one year, and benefits do not fluctuate unless changes in household circumstances result in the loss of eligibility. For older adults living on fixed incomes, changes in monthly income rarely impact eligibility.

that currently administers the program. Additionally, the SSA would only administer SNAP benefits to older and disabled adults who live in households composed of only other older and disabled adults, due to these income assumptions. This household composition restriction would not apply to the administration of SSI benefits. As outlined previously in this paper, ISM rules should be eliminated, and asset limits increased.

Housing policy recommendations

We recommend focusing housing assistance policies on older adults who have the most significant needs. As discussed previously, some of these households are served by Section 202 and Section 8 HUD programs. Housing subsidies in the form of vouchers and certificates have been shown to be [the most efficient approach](#) to providing subsidized housing to needy populations. The Section 202 rental assistance and service coordinator financing and the Section 8 Housing Choice Voucher Program should be expanded well beyond recent annual appropriations to address the large and growing housing needs facing older adults and disabled individuals. We propose to increase funding for Section 202 and Section 8 vouchers by 20%. These funds would be designated to expand the pool of vouchers for aged households in poverty, with other eligibility requirements waived. In addition, the Centers for Medicare & Medicaid Services (CMS) can approve [cost-neutral Section 1115 Medicaid demonstration waivers](#) for supportive housing-related services as well, although those policies are outside of the scope of this paper.

Lowering Medicare premiums and cost-sharing for low-income older and disabled adults

This policy aims to address the burden that high Medicare premiums pose to low-income older adults.¹³ Medicare premiums can be [a large share of beneficiaries' incomes](#): premiums are over 11% of annual income for a single beneficiary with income at 150% FPL, and are about 17% of annual income for a couple at 150% FPL. To increase the generosity of the Medicare program, we propose that Medicare Part B and base Part D premiums be entirely a function of a beneficiary's income level, and no premiums would be required for beneficiaries with income below 150% FPL, like the 2024 ACA Marketplace subsidy structure. Anyone receiving SSI, SNAP, or Medicaid would also have premiums set to zero. After 150% of the poverty threshold, the premium would be 8.5% of income up to a maximum premium of approximately double the current law flat amount. The upper level would be determined at the premium level that satisfies the 25% rule that requires premiums to be 25% of the total cost of the Part B program. The premium would be capped at that level and apply to all beneficiaries up to the level when the income-related premiums begin.

We propose that the SSA administer all Part B and Part D premiums. The current Medicare Savings Programs and the Low-Income Subsidy for Part D would be repealed. Medicare Advantage plans would have to report any reduction in Part B and Part D premiums as a result of supplemental benefits. The SSA already has information on SSI enrollment. Information on Medicaid and SNAP enrollment would be reported by states. Anyone who has a Medicare premium that is subtracted from their Social Security check would have their eligibility for the new program automatically assessed using income data from the IRS.

Today [about 8%](#) of Medicare beneficiaries pay income-related premiums. The IRS electronically provides the SSA with tax information to determine which enrollees must pay the income-related

¹³ This policy proposal has been discussed at length in the issue brief: [Reducing premiums for low-income Medicare beneficiaries](#).

premium. This proposal would extend this system to apply to all Medicare recipients and should not create substantial additional administrative burdens. Income would be taken from the same tax return that is used today to administer the income-related premiums, and if there is no income tax return filed by a Medicare beneficiary, the IRS would share with the SSA any Form 1099 income reports for a given beneficiary. In these cases, without an IRS filing, the SSA would assume the beneficiary's income equals their Social Security and Form 1099 income. The beneficiary's Medicare Part B and Part D premiums would automatically be calculated in accordance with the income schedule above in cases where no tax return was available. The SSA would check with the beneficiary and determine if the individual or couple had other income and require that the information be reported.

Administering the Part D premium is more complicated. The SSA would need to know whether a beneficiary signed up for a Part D plan, and if so, which plan. For those beneficiaries with a plan, the SSA would assume the base premium rate. The SSA would collect premiums from higher-income beneficiaries and pay each plan the appropriate amount of base rate payments. Midway through each calendar year, the plan would reconcile the government payment with each beneficiary. The plan would rebate to the beneficiary the yearly amount if their plan cost is less than the base premium and collect from each beneficiary the yearly amount where the plan premium is greater than the base premium. These yearly amounts should be relatively small. The expectation is that most low-income beneficiaries would be enrolled in plans where the plan premium is less than the base premium rate.

The Medicare Advantage plans that use supplemental benefits to reduce Part B or Part D premiums could continue to make those benefits available to their members and would not need to know the actual premiums that were paid by their participants. Furthermore, there may be some individuals who do not have their premiums automatically subtracted from their Social Security checks. These individuals would have to apply for assistance through an SSA-operated website. The calculations would be made in the same manner as described above.

Additionally, we propose reducing cost-sharing in Medicare. Currently, there is no out-of-pocket maximum in traditional Medicare. We recommend implementing an out-of-pocket maximum for traditional Medicare beneficiaries that is \$5,000 for an individual and \$10,000 for a couple. This out-of-pocket limit would be administered through the same mechanism described to increase SSI and SNAP participation rates and reduce premiums for low-income Medicare beneficiaries.

Medical expenses expose older and disabled adults to significant financial strain, particularly for those who are lower income. In recent years, [increasing medical expenses among older adults](#) have been the subject of much public health concern. In 2018, the mean health expenditure per older adult reached just over \$12,400. Overall, in the United States, [nearly 6%](#) of older adults experience catastrophic out-of-pocket health care spending exceeding half of their annual household income. Reducing health care-related costs through lowering premiums and out-of-pocket spending would significantly strengthen older adults' economic security.

Other policy changes in Social Security

We also consider changes to survivor benefits and our proposed grandparent caregiver benefit in the Social Security program to factor into reducing poverty among older adults. Both of these proposals were outlined in [the Social Security solvency plan](#) released by several authors in 2025. The authors strongly believe that addressing Social Security solvency is complementary to the poverty reduction proposals in this paper.

Poverty among older and disabled adults is reduced due to these policy changes

The policies outlined in this paper would reduce poverty among older adults in the United States by a significant amount. We estimate that poverty would be reduced to 2.2% among all citizens aged 65 and older. We also expect the policies would significantly reduce poverty among people with disabilities, although this paper does not estimate that impact. Declines in elderly poverty would be particularly pronounced among white, Black, and Hispanic women aged 80 and older. All demographic groups in Table 4 would drop to a poverty rate of under 3%, except for noncitizens and Hispanic women aged 80 and older. Even so, poverty would fall by more than a third among noncitizens and by more than a half among Hispanic women aged 80 and older. For more information on the model used to calculate the estimates of poverty reduction and the costs of the policies, see the technical appendix.

TABLE 4

Elderly poverty rate under current and proposed law

Poverty gap in billions of 2022 U.S. dollars

Demographic group	Current law		Proposed law			
	Poverty rate	Poverty gap	Poverty rate	Poverty rate change	Poverty gap	Poverty gap change
Aged 65+	5.6%	30.4	2.2%	-60%	14.6	-52%
Male Aged 65+	4.9%	13.0	2.2%	-56%	6.7	-49%
Female Aged 65+	6.2%	17.4	2.3%	-63%	7.9	-55%
Aged 80+	6.9%	5.9	2.6%	-63%	2.0	-66%
Male Aged 80+	6.1%	2.0	2.3%	-62%	0.6	-68%
Female Aged 80+	7.4%	4.0	2.7%	-63%	1.4	-66%
Female 80+, White	6.9%	2.8	2.4%	-65%	0.7	-73%
Female 80+, Black	8.2%	0.5	2.8%	-66%	0.1	-76%
Female 80+, Hispanic	11.2%	0.5	5.1%	-54%	0.2	-47%
Noncitizen Aged 65+	20.6%	4.9	13.4%	-35%	3.5	-30%

Source: Authors' calculations from microsimulation. See technical appendix for details.

Note: Poverty rates are for citizens, except for "Noncitizen Aged 65+".

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Impacts on older adults near poverty

While our discussion has primarily focused on adults whose resources are below the 100% SPM threshold, it is worth noting the proposal has significant benefits for older adults who are near poverty (between 100% and 200% of the poverty threshold). These households experience similar

financial insecurity to those in poverty and are likely to have insufficient resources for an unexpected medical bill or major expense.

Many aged adults above the poverty threshold qualify for social assistance programs such as SSI and SNAP. Thus, while the poverty rate is the primary result we discuss, our proposed reforms would also have significant effects on the financial lives of those who fall between 100% and 200% of the SPM threshold. We estimate that 12.7 million older adults fall in this category, meaning that approximately 29% of older adults are below 200% of the SPM threshold. The median older adult household below the 200% SPM threshold has only \$19,121 of resources per person in 2027 dollars.

We estimate that 42% of the proposal's cost would be in benefits for those near poverty, while those in poverty would get 23%. The remaining portion, which would go to households above 200% of the SPM threshold, is mostly driven by the cost of the Medicare out-of-pocket limit, Medicare premium changes, and the improved Social Security survivor benefit.

Over half of the additional outlays from the enhanced SSI program would go to those near poverty. This population is also predicted to receive nearly three quarters of benefits from the proposed grandparent caregiver benefit (72%). These program enhancements would result in an average increase of \$2,300 in annual resources for these near-poor households in 2027, a 6.9% increase, which should significantly improve their financial security and living conditions.

Why was poverty not reduced further?

While the proposed policies would decrease the poverty rate among citizens aged 65 and older to 2.2%, this would still represent 1.2 million people living in poverty. We analyze these individuals and identify a few key reasons why the revised social safety net would not be sufficient.

The most common barrier, affecting about 580,000 aged citizens, is that they possess assets exceeding the elevated threshold for SSI eligibility. A second group of approximately 134,000 do not participate in SSI or SNAP despite apparent eligibility. Together, these 714,000 have sufficient estimated SSI and SNAP eligibility to be lifted out of poverty if they met asset requirements or enrolled in the programs.

An additional 101,000 aged citizens have substantial income from assets (e.g., retirement savings distributions), which is not treated as income under the SPM but often disqualifies them from most support programs. Many of these individuals have negative measured income because the SPM subtracts taxes paid on capital gains and distributions from resources without counting the underlying gains or distributions as income. Income in the CPS and SPM captures only regular, predictable income—but most capital and wealth income is a one-time withdrawal or sale of assets. If this income were added to SPM resources, many would no longer be counted as poor.

Additionally, 81,000 aged citizens have household, medical, childcare, or work expenses substantial enough to push their total resources below the SPM threshold. The significant majority of these cases involve another household member, not covered by Medicare, who has substantial medical expenses, but these extra expenses do not give the family additional benefits under SSI or SNAP, and so the household is left poor. These household members may not qualify for SSI.

Finally, among the remaining 311,000 aged citizens in poverty, some 90,000 remain in poverty due to a combination of the reasons above. This leaves about 221,000 people, or approximately 0.4% of aged citizens, whose poverty is not explained by nonparticipation in SSI and SNAP, large medical expenses, uncounted income sources, or a combination of these.

Cost of proposals

For virtually all older adults, these policies would move overall income to above the poverty line. However, these policies would be costly to the government. Table 5 shows cost by provision from the SSA estimates, supplemented by our model (see the technical appendix for further details on modeling costs). In total, the proposals to reduce poverty are estimated to cost \$1.7 trillion over the span of 10 years.

Improvements to SSI would need to be offset by savings in other areas or revenue increases to avoid obstacles in Congress. It is also important to consider the costs in the context of other pressing policy issues facing older and disabled adults, particularly associated with improving LTSS and restoring solvency to the Social Security program.

TABLE 5

Estimated costs of proposed policies, 2027-2036

Billions of nominal U.S. dollars

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2027-2031	2027-2036
SSI	29	36	38	39	41	42	44	46	49	51	183	414
Income disregards	15	17	17	18	18	19	20	21	22	22	85	189
FBR increase	5	6	6	6	6	6	7	7	7	7	29	64
Asset expansion	0	1	1	1	1	1	1	1	1	1	4	10
Participation rate	15	15	16	17	17	18	18	19	20	20	80	175
SNAP	6	7	7	7	7	8	8	8	8	9	34	74
Grandparent caregiver	4	4	5	5	5	5	5	5	5	5	23	48
Survivor benefit	3	3	3	3	3	3	4	4	4	4	15	33
Housing subsidies	4	4	5	5	5	5	5	5	5	5	23	48
Medicare out-of-pocket	26	27	28	29	31	32	33	34	35	36	141	311
Medicare premiums	62	65	68	71	74	77	79	82	85	88	340	751
Total	135	146	153	159	166	171	177	184	191	198	759	1,680

Source: Office of the Chief Actuary of the Social Security Administration, supplemented by authors' calculations from microsimulation. See technical appendix for additional details.

Note: The modeled cost of the Medicare premium policy does not include offsets from increased premiums for high-income aged adults.

FBR: federal benefit rate; SNAP: Supplemental Nutrition Assistance Program; SSI: Supplemental Security Income;

Offsets

The cost of reducing elderly poverty would be offset in three ways. The grandparent caregiver benefit and the improved survivor benefit through Social Security would be offset by other Social Security financing provisions. The reduction in Medicare premiums would be offset by increased premiums for upper-income beneficiaries. The remaining \$848 billion would be offset by changes to Medicare Advantage (MA) reimbursements, which are described below. To the extent that these changes are phased in, some additional financing may be needed. Further offsets could be achieved by additional drug pricing provisions. For example, the negotiated Medicare rate could be applied to commercial insurance, or the number of drugs to be negotiated could be increased and waiting time eliminated.

Undertaking policies that eliminate the overpayments to MA plans is a large source of offsets. In 2025, MA plans [served 54%](#) of eligible Medicare beneficiaries. In 2026, Medicare beneficiaries on average [can choose from 39 plans](#) offered by an average of eight organizations. The Medicare Payment Advisory Commission (MedPAC) has estimated that each MA recipient costs the Medicare program [about 14%](#) more than a recipient enrolled in traditional fee-for-service Medicare. This implies that MA plans cost the Medicare program \$76 billion each year relative to traditional Medicare.

There are primarily two reasons why these extra payments occur. One is coding intensity and the other is favorable selection. Coding intensity refers to the tendency for more diagnosis codes to be recorded for MA enrollees compared to enrollees in traditional Medicare. This happens because the payment to MA plans depends upon these diagnoses, while traditional fee-for-service providers do not get rewarded on the basis of risk factors. These additional diagnosis codes cause increased risk scores, which result in higher payments to the MA plans. Favorable selection refers to the process where beneficiaries with risk scores that overpredict their spending tend to enroll in MA more often than those with risk scores that underpredict their spending. Therefore, favorable selection is the extent to which, without any management or other intervention from MA plans, the risk-standardized spending of enrollees is lower than what Medicare would spend if they were in fee-for-service.

MedPAC projects that in 2026, favorable selection will increase MA payments by [roughly 11%](#), or \$57 billion of the \$76 billion, in higher total payments to MA plans. We recommend the adoption of MedPAC recommendations to improve MA payment policies.¹⁴ These include fully accounting for MA coding intensity, improving MA encounter data accuracy and completeness, replacing the MA quality-bonus program, and establishing more equitable benchmarks.

In simple terms, coding intensity should be eliminated by doing a careful study of traditional Medicare and MA diagnostic data and applying an across-the-board coding adjustment that fully accounts for the differences in coding between fee-for-service Medicare and MA. The favorable selection component should be eliminated by establishing more equitable benchmarks. Congress should replace the current benchmark policy with a new MA benchmark with the following features: a roughly equal blend of per capita local area fee-for-service spending with price-standardized per capita national fee-for-service spending; a rebate of at least 75%; a 2% discount rate; geographical markets as payment areas; a benchmark fee-for-service population with beneficiaries enrolled in both Part A and Part B; and no pre-ACA cap on benchmarks. The final aspect would be to adopt a

¹⁴ See Table 12-1 on p. 353 of [MedPAC's 2026 status report](#) on the Medicare Advantage program for a list of recommendations.

budget-neutral quality bonus program instead of the current program, which overstates payments [by \\$16 billion](#) per year.

Changes to SSI are more targeted and efficient

Changes we are proposing to the SSI program would be only enhance beneficiaries' welfare. These policies, as previously described, would improve the interaction between SSI and Social Security, modernize and simplify the SSI program, and increase participation rates in SSI and other safety net programs.

Strengthening the SSI program to alleviate poverty is preferable to focusing on Social Security, as poverty reduction policies should capture individuals in need across different sources of income. Just [under 67%](#) of older adults in poverty receive Social Security. SSI policy better targets those in poverty, with or without Social Security income. Additionally, given that SSI enrollment is a pathway to Medicaid eligibility, policies that increase the generosity of SSI confer increased access to health care for low-income individuals. Furthermore, improvements to SSI rather than Social Security preserve the important benefit-contribution link that is at the heart of Social Security, which changes to the primary insurance amount (PIA) via special minimum enhancement disrupts. Enhanced minimum benefit policies are compelling if alternatives that do not interfere with the benefit-contribution link are unavailable; however, expanding SSI is a viable and better option.

Poverty among older adults would be greatly reduced by the proposed changes to SSI and associated social programs. Under current law, if an individual has a Social Security benefit that puts their income at 100% FPL, they are ineligible for SSI. However, with our proposed expansions to SSI, greater enrollment in SNAP, lower Medicare premiums, increased housing subsidies, and improvements in the safety net for survivors and grandparents, nearly all older adults would be able to live above the poverty level. With the increase in the SSI FBR and Social Security disregard alone, a beneficiary would only need to receive \$575 in Social Security benefits alongside their entitled \$755 SSI benefit to have income at 100% FPL.¹⁵

¹⁵ For further discussion of the simple model used in this calculation, see [Increasing SSI benefits is a more effective approach to reducing poverty than an enhanced Social Security minimum benefit](#). Calculation updated to reflect the 2026 SSI FBR.

Conclusion

With ideas consolidated from different issue briefs in the “Promoting economic security for older adults” collection, this paper unifies a set of policies that would substantially improve the financial well-being of low-income older adults and people with disabilities. These policies mainly propose changes to the SSI program, including benefit expansions, enrollment procedures, and how it interacts with other social programs like Social Security and SNAP. Other policies involve strengthening SNAP and housing support, and decreasing costs of health care. Together, these policies would achieve poverty alleviation in targeted, efficient, and common-sense ways. They also would provide significant support for near-poor older adults and disabled families.

Poverty rates among older adults are rising. While poverty rates are lower than those of some other age groups on average, too many older adults remain in poverty, particularly among women, individuals over age 80, and noncitizens. We estimate that the implementation of this suite of policies would reduce poverty among older adults by three fifths. At a time when the population of the United States is aging, it is imperative to ensure that our social insurance programs are strong enough to allow all to age with dignity, health, and economic security.

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