

# Reducing Elderly Poverty

---

**Jack Smalligan**  
Urban Institute

June 24, 2026

# Plan of Talk

- Poverty statistics
- Interaction with Social Security policies
- Implications for people with disabilities
- Reducing Medicare premiums
- Improve SSI and Housing assistance
- Increase SNAP and SSI participation
- Cost and poverty impacts

## 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	14.1%	7.7%	6.4
2018	13.6%	7.5%	6.1
2019	12.8%	7.4%	5.4
2020	9.5%	4.7%	4.8
2021	10.7%	6.1%	4.6
2022	14.1%	N/A	N/A
2023	14.2%	N/A	N/A
2024	15.0%	N/A	N/A

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

# Elderly Supplemental Poverty Rates – 2021

	CPS	Baseline Model, Corrected for Underreporting (NEWS)
Aged 65+	10.7	6.2
Male Aged 65+	9.4	5.6
Female Aged 65+	11.7	6.7
Aged 80+	13.6	7.2
Male Aged 80+	11.5	6.6
Female Aged 80+	15.0	7.5
Female 80+, White	14.3	7.0
Female 80+, Black	15.9	7.5
Female 80+, Hispanic	25.2	13.2
Citizen Aged 65+	10.1	5.7
Noncitizen Aged 65+	24.7	19.9

# Interaction with Social Security Policies

- Policies achieve dramatic poverty reduction through SSI and Medicare
- Social Security today substantially reduces poverty and improvements can make the program more progressive
- Using Social Security to achieve major additional reductions in poverty are not well targeted and distort the program.

# Implications for People with Disabilities

- The poverty rate among people with disabilities is very high
- Presentation focuses on elderly poverty for simplicity. NEWS adjustments especially affect measurement of elderly poverty.
- Our proposals help both older and disabled adults.
- Cost estimates include disabled beneficiaries.

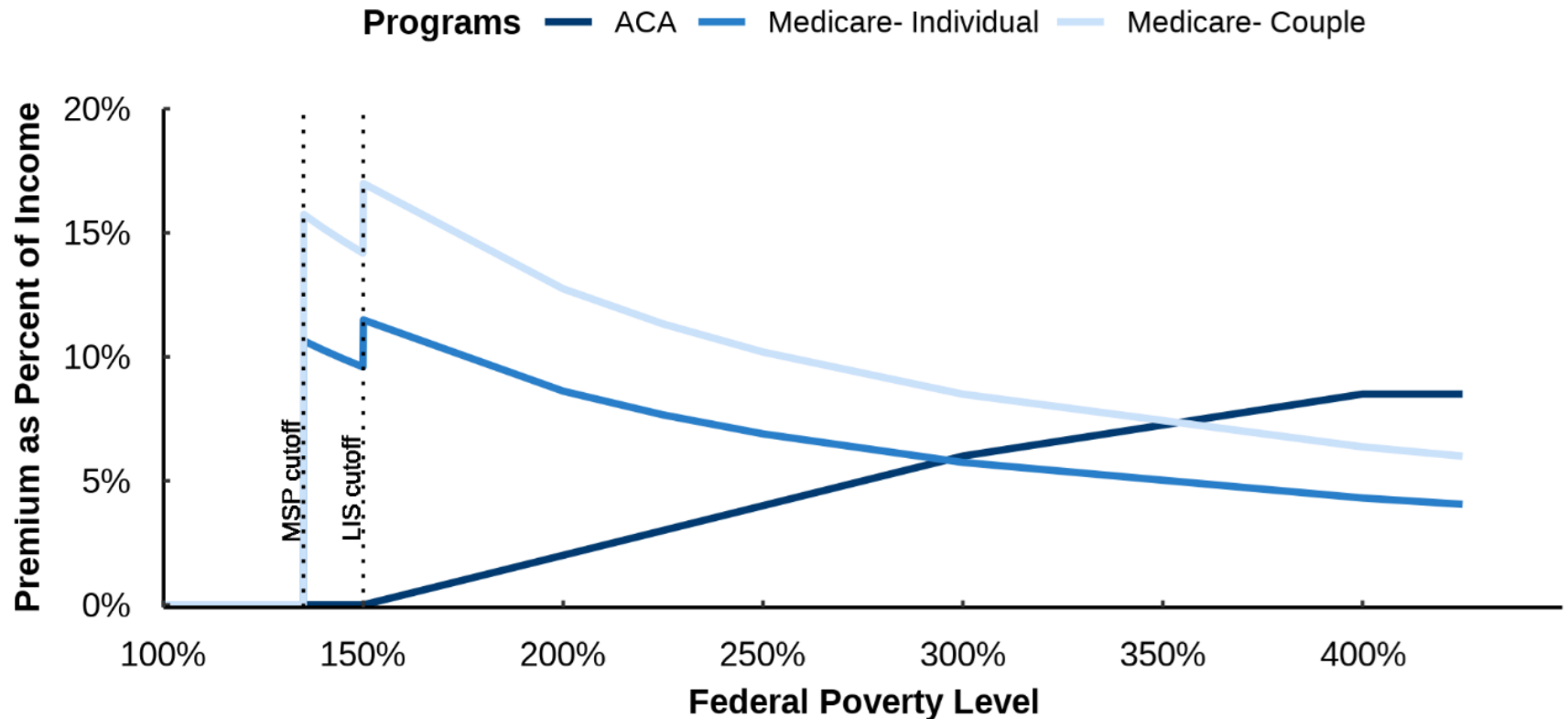
# Premiums are too high for low-income Medicare beneficiaries

- Annual Part B premium is ~\$2,435. Adding Part premiums are ~\$2,900, or ~18.2% of FPL.

## Problems with Assistance: Medicare Savings Programs & Low-Income Subsidy (LIS)

- Low participation rates.
- Small change in income can yield large change in government assistance.
- Low-income adults moving from ACA to Medicare face a large premium increase.

**Figure 2. Percent Income Spent on Program Premiums by Federal Poverty Level Including MSP & LIS Programs**



Note: Chart uses Medicare Part B and Part D premiums in calculations.  
 Source: Author's analysis of Medicare premiums, LIS benefit schedule, MSP benefits, and ACA premiums.

**BROOKINGS**

# Solutions to Problem of High Medicare Premiums

- Get rid of Medicare Assistance Programs
- Replace with new federal program administered by SSA
  - Model after how existing income-related Medicare premiums are assessed (9% affected now)
  - Use IRS data (two year look back)
- Expensive – 40-45 billion per year. These costs offset with increased premiums for higher-income beneficiaries
- Singles below \$49,800 and couples below \$85,400 are better off
- Overall, 26.7 million older adults are better off, about 24 million are worse off

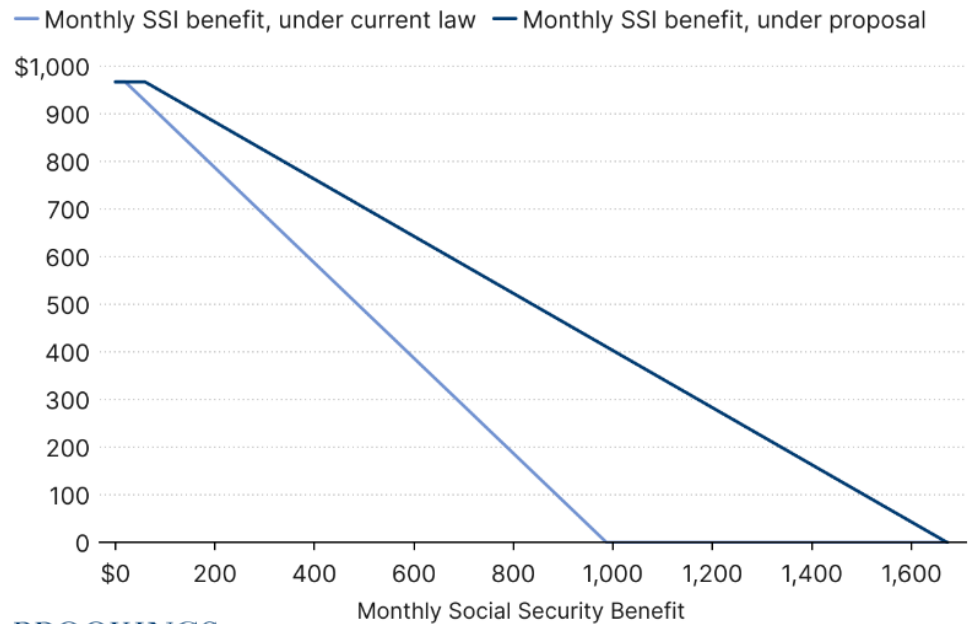
# Additional Proposals to Decrease Elderly Poverty

- Primary changes to SSI
  - Increase SSI Monthly Federal Benefit Rate by \$70 for individuals and \$105 for couples.
  - Disregard 40% Social Security benefits.
  - Increase earned income disregard
  - Increase asset eligibility limit to \$10,000 for an individual and \$20,000 for a couple.
  - Eliminate in-kind support and maintenance rules
  - Index everything

# Disregard 40% of Social Security benefits when calculating SSI benefit

- In 2026, under current law, someone who pays about \$62,000 in payroll taxes over their lifetime receives only \$20 of additional SSI benefit per month.
- Under our proposal, a Social Security recipient will be able to keep more of their Social Security benefit.

Figure 1: SSI benefit by Social Security benefit



BROOKINGS

<https://www.brookings.edu/articles/modifying-the-interaction-between-the-social-security-and-supplemental-security-income-programs-would-benefit-low-income-retired-and-disabled-workers/>

# Additional Proposals to Decrease Elderly Poverty

- Increase funding by 20% for HUD Section 202 and 811 programs for low-income older adults and people with disabilities
  - Target on families below poverty
- Cap out-of-pocket costs in Medicare
- Increase participation in SNAP and SSI

# Cost Table

	2027-2031	2027-2036
<b>SSI</b>	379	824
<b>SNAP</b>	49	105
<b>Grandparent Caregiver</b>	20	42
<b>Survivor Benefit</b>	15	33
<b>Housing Subsidies</b>	13	27
<b>Medicare Out-of-Pocket</b>	141	311
<b>Medicare Premiums</b>	315	695
<b>Total</b>	<b>932</b>	<b>2,037</b>

# Estimated Elderly Poverty Rate Under Current and Proposed Law

Demographics Group	Current Law	Proposed Law	
	Poverty Rate	Poverty Rate	Poverty Rate Change
Aged 65+	5.7%	1.7%	-70%
Male Aged 65+	5.1%	1.7%	-67%
Female Aged 65+	6.2%	1.7%	72%
Aged 80+	6.9%	2.1%	-70%
Male Aged 80+	6.3%	1.8%	-72%
Female Aged 80+	7.3%	2.3%	-69%
Female 80+, White	6.8%	2.1%	-69%
Female 80+, Black	7.7%	1.8%	-76%
Female 80+, Hispanic	12.4%	3.2%	-74%
Citizen Aged 65+	5.7%	1.7%	-70%
Noncitizen Aged 65+	24.7	9.9%	-50%

# Conclusion

- Proposals show elderly poverty can be dramatically reduced
- Address concurrent with Social Security solvency
- Costs offset—reduce Medicare Advantage reimbursement and drug pricing
- Low-income Medicare premiums fully offset by increased premiums for higher income recipients