

114TH CONGRESS
1ST SESSION

H. R. 1520

To amend titles II and XVIII of the Social Security Act to establish a Social Security Surplus Protection Account in the Federal Old-Age and Survivors Insurance Trust Fund to hold the Social Security surplus and a Medicare Surplus Protection Account in the Federal Hospital Insurance Trust Fund to hold the Medicare surplus, to provide for suspension of investment of amounts held in such Accounts until enactment of legislation providing for investment of the Trust Funds in investment vehicles other than obligations of the United States, and to establish a Social Security and Medicare Part A Investment Commission to make recommendations for alternative forms of investment of the Social Security and Medicare surpluses.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2015

Mr. WALBERG introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend titles II and XVIII of the Social Security Act to establish a Social Security Surplus Protection Account in the Federal Old-Age and Survivors Insurance Trust Fund to hold the Social Security surplus and a Medicare Surplus Protection Account in the Federal Hospital Insurance Trust Fund to hold the Medicare surplus, to provide for suspension of investment of amounts held in such Accounts until enactment of legislation providing for investment of the Trust Funds in investment vehicles other than obligations of the United States, and to estab-

lish a Social Security and Medicare Part A Investment Commission to make recommendations for alternative forms of investment of the Social Security and Medicare surpluses.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Social Security and Medicare Lock-Box Act”.

6 (b) FINDINGS REGARDING SOCIAL SECURITY AND
 7 MEDICARE PART A.—The Congress finds the following:

8 (1)(A) Long term projections show serious
 9 problems facing the fiscal health of the trust funds
 10 associated with Social Security and Medicare Hos-
 11 pital Insurance.

12 (B) According to the 2014 Annual Report of
 13 the Board of Trustees of the Federal Old-Age and
 14 Survivors Insurance and Federal Disability Insur-
 15 ance Trust Funds, the assets of the combined Fed-
 16 eral Old-Age and Survivors Insurance Trust Fund
 17 and the Federal Disability Insurance Trust Fund
 18 will be exhausted by 2034, and the Disability Insur-
 19 ance Trust Fund alone will be depleted by 2016.

20 (C) According to the 2014 Annual Report of
 21 the Board of Trustees of the Federal Hospital In-
 22 surance and Federal Supplementary Medical Insur-

1 ance Trust Funds, the assets of the Federal Hos-
2 pital Insurance Trust Fund will be exhausted by
3 2030.

4 (2)(A) The Trustees of these trust funds
5 strongly encourage action to protect the solvency of
6 the trust funds.

7 (B) In their message to the public, included in
8 the 2014 Annual Reports, the Social Security and
9 Medicare Boards of Trustees wrote, “Neither Medi-
10 care nor Social Security can sustain projected long-
11 run program costs in full under currently scheduled
12 financing, and legislative changes are necessary to
13 avoid disruptive consequences for beneficiaries and
14 taxpayers. If lawmakers take action sooner rather
15 than later, more options and more time will be avail-
16 able to phase in changes so that the public has ade-
17 quate time to prepare.”.

18 (3) Social Security and Medicare are meant to
19 provide a secure and stable base so that older Amer-
20 icans can live in dignity.

21 (4) Protecting the future surpluses of these
22 trust funds can only occur when meaningful reform
23 has been enacted by Congress. Any path to solvency
24 must include the protection of future surpluses.

1 **SEC. 2. INTERIM PROTECTIONS FOR SOCIAL SECURITY**
2 **TRUST FUND SURPLUS.**

3 Section 201(d) of the Social Security Act (42 U.S.C.
4 402(d)) is amended—

5 (1) by striking “It shall be the duty” and in-
6 serting “(1) Except as provided in paragraph (2), it
7 shall be the duty”;

8 (2) by striking “(1) on original issue at the
9 issue price, or (2)” and inserting “(A) on original
10 issue at the issue price, or (B)”;

11 (3) by adding at the end the following new
12 paragraph:

13 “(2)(A) There is established in the Federal Old-Age
14 and Survivors Insurance Trust Fund a Social Security
15 Surplus Protection Account. As soon as practicable after
16 the end of each fiscal year after fiscal year 2016, the Man-
17 aging Trustee shall transfer to the Account, from amounts
18 otherwise available in the Trust Fund, amounts equivalent
19 to the social security surplus for such fiscal year. Such
20 amounts shall be transferred from time to time to the Ac-
21 count, such amounts to be determined on the basis of esti-
22 mates by the Managing Trustee, and proper adjustments
23 shall be made in amounts subsequently transferred to the
24 extent prior estimates were in excess of or were less than
25 the correct amount.

1 “(B) For purposes of subparagraph (A), the term ‘so-
2 cial security surplus’ means, for any fiscal year, the excess,
3 if any, of—

4 “(i) the sum of—

5 “(I) the taxes imposed for such fiscal year
6 by chapter 21 (other than sections 3101(b) and
7 3111(b)) of the Internal Revenue Code of 1986
8 with respect to wages (as defined in section
9 3121 of such Code) reported to the Secretary of
10 the Treasury or his delegates pursuant to sub-
11 title F of such Code, as determined by the Sec-
12 retary of the Treasury by applying the applica-
13 ble rates of tax under such chapter 21 (other
14 than sections 3101(b) and 3111(b)) to such
15 wages, less the amounts specified in clause (1)
16 of subsection (b) of this section for such fiscal
17 year,

18 “(II) the taxes imposed by chapter 2
19 (other than section 1401(b)) of the Internal
20 Revenue Code of 1986 with respect to self-em-
21 ployment income (as defined in section 1402 of
22 such Code) reported to the Secretary of the
23 Treasury on tax returns under subtitle F of
24 such Code, as determined by the Secretary of
25 the Treasury by applying the applicable rate of

1 tax under such chapter (other than section
2 1401(b)) to such self-employment income, less
3 the amounts specified in clause (2) of sub-
4 section (b) of this section for such fiscal year,
5 and

6 “(III) the amount equivalent to the aggre-
7 gate increase in tax liabilities under chapter 1
8 of the Internal Revenue Code of 1986 which is
9 attributable to the application of sections 86
10 and 871(a)(3) of such Code to payments from
11 the Trust Fund, over

12 “(ii) the sum of—

13 “(I) benefits paid from the Trust Fund
14 during the fiscal year, and

15 “(II) amounts authorized to be made avail-
16 able from the Trust Fund under subsection (g)
17 of this section which are paid from the Trust
18 Fund during such fiscal year.

19 “(C) Notwithstanding paragraph (1), the balance in
20 the Account shall not be available for investment by the
21 Managing Trustee.

22 “(D)(i) The preceding provisions of this paragraph
23 shall not apply with respect to fiscal years commencing
24 with or after the first fiscal year, after fiscal year 2016,
25 for which a provision of Federal law takes effect and au-

1 thorizes, for amounts in the Trust Fund, an investment
 2 vehicle other than obligations of the United States.

3 “(ii) A provision of Federal law shall be deemed to
 4 meet the requirements of clause (i) if such provision in-
 5 cludes the following: ‘This Act shall be considered to be
 6 a provision of Federal law meeting the requirements of
 7 section 201(d)(2)(D)(i) of the Social Security Act.’.”.

8 **SEC. 3. INTERIM PROTECTIONS FOR MEDICARE PART A**
 9 **TRUST FUND SURPLUS.**

10 (a) IN GENERAL.—Section 1817(c) of the Social Se-
 11 curity Act (42 U.S.C. 1395i(c)) is amended—

12 (1) by striking “It shall be the duty” and in-
 13 serting “(1) Except as provided in paragraph (2), it
 14 shall be the duty”;

15 (2) by striking “(1) on original issue at the
 16 issue price, or (2)” and inserting “(A) on original
 17 issue at the issue price, or (B)”;

18 (3) by adding at the end the following new
 19 paragraph:

20 “(2)(A) There is established in the Federal Hospital
 21 Insurance Trust Fund a Medicare Surplus Protection Ac-
 22 count (in this paragraph referred to as the ‘Account’). As
 23 soon as practicable after the end of each fiscal year after
 24 fiscal year 2016, the Managing Trustee shall transfer to
 25 the Account, from amounts otherwise available in the

1 Trust Fund, amounts equivalent to the Medicare part A
2 surplus for such fiscal year. Such amounts shall be trans-
3 ferred from time to time to the Account, such amounts
4 to be determined on the basis of estimates by the Man-
5 aging Trustee, and proper adjustments shall be made in
6 amounts subsequently transferred to the extent prior esti-
7 mates were in excess of or were less than the correct
8 amount.

9 “(B) For purposes of subparagraph (A), the term
10 ‘Medicare part A surplus’ means, for any fiscal year, the
11 excess, if any, of—

12 “(i) the sum of—

13 “(I) the taxes imposed for such fiscal year
14 by sections 3101(b) and 3111(b) of the Internal
15 Revenue Code of 1986 with respect to wages
16 (as defined in section 3121 of such Code) re-
17 ported to the Secretary of the Treasury or his
18 delegates pursuant to subtitle F of such Code,
19 as determined by the Secretary of the Treasury
20 by applying the applicable rates of tax under
21 such sections to such wages; and

22 “(II) the taxes imposed by section 1401(b)
23 of the Internal Revenue Code of 1986 with re-
24 spect to self-employment income (as defined in
25 section 1402 of such Code) reported to the Sec-

1 retary of the Treasury on tax returns under
2 subtitle F of such Code, as determined by the
3 Secretary of the Treasury by applying the ap-
4 plicable rate of tax under such section 1401(b)
5 to such self-employment income; over

6 “(ii) the sum of—

7 “(I) benefits paid from the Trust Fund
8 during the fiscal year; and

9 “(II) amounts authorized to be made avail-
10 able from the Trust Fund under subsection (f)
11 of this section (or section 201(g)) which are
12 paid from the Trust Fund during such fiscal
13 year.

14 “(C) Notwithstanding paragraph (1), the balance in
15 the Account shall not be available for investment by the
16 Managing Trustee.

17 “(D)(i) The preceding provisions of this paragraph
18 shall not apply with respect to fiscal years commencing
19 with or after the first fiscal year, after fiscal year 2016,
20 for which a provision of Federal law takes effect and au-
21 thorizes, for amounts in the Trust Fund, an investment
22 vehicle other than obligations of the United States.

23 “(ii) A provision of Federal law shall be deemed to
24 meet the requirements of clause (i) if such provision in-
25 cludes the following: ‘This Act shall be considered to be

1 a provision of Federal law meeting the requirements of
2 section 1817(c)(2)(D)(i) of the Social Security Act.’.”.

3 **SEC. 4. SOCIAL SECURITY AND MEDICARE PART A INVEST-**
4 **MENT COMMISSION.**

5 (a) ESTABLISHMENT.—There is established in the ex-
6 ecutive branch of the Government a Social Security and
7 Medicare Part A Investment Commission (in this section
8 referred to as the “Commission”).

9 (b) STUDY AND REPORT.—As soon as practicable
10 after the date of the enactment of this Act, the Commis-
11 sion shall conduct a study to ascertain the most effective
12 vehicles for investment of the Federal Old-Age and Sur-
13 vivors Insurance Trust Fund and the Federal Hospital In-
14 surance Trust Fund, other than investment in the form
15 of obligations of the United States. Not later than October
16 1, 2016, the Commission shall submit a report to the
17 President and to each House of the Congress setting forth
18 its recommendations for such vehicles for investment, to-
19 gether with proposals for such administrative and legisla-
20 tive changes as the Commission determines necessary to
21 authorize and implement such recommendations.

22 (c) COMPOSITION.—The Commission shall be com-
23 posed of—

1 (1) 3 members appointed by the President, of
2 whom 1 shall be designated by the President as
3 Chairman;

4 (2) 2 members appointed by the Speaker of the
5 House of Representatives;

6 (3) 1 member appointed by the minority leader
7 of the House of Representatives;

8 (4) 2 members appointed by the majority leader
9 of the Senate; and

10 (5) 1 member appointed by the minority leader
11 of the Senate.

12 (d) MEMBERSHIP REQUIREMENTS.—Members of the
13 Commission shall have substantial experience, training,
14 and expertise in the management of financial investments
15 and pension benefit plans.

16 (e) LENGTH OF APPOINTMENTS.—Members of the
17 Commission shall serve for the life of the Commission. A
18 vacancy on the Commission shall be filled in the manner
19 in which the original appointment was made and shall be
20 subject to any conditions that applied with respect to the
21 original appointment.

22 (f) ADMINISTRATIVE PROVISIONS.—

23 (1) MEETINGS.—The Commission shall meet—

24 (A) not less than once during each month;

25 and

1 (B) at additional times at the call of the
2 Chairman.

3 (2) EXERCISE OF POWERS.—

4 (A) IN GENERAL.—The Commission shall
5 perform the functions and exercise the powers
6 of the Commission on a majority vote of a
7 quorum of the Commission. Three members of
8 the Commission shall constitute a quorum for
9 the transaction of business.

10 (B) VACANCIES.—A vacancy on the Com-
11 mission shall not impair the authority of a
12 quorum of the Commission to perform the func-
13 tions and exercise the powers of the Commis-
14 sion.

15 (g) COMPENSATION.—

16 (1) IN GENERAL.—Each member of the Com-
17 mission who is not an officer or employee of the
18 Federal Government shall be compensated at the
19 daily rate of basic pay for level IV of the Executive
20 Schedule for each day during which such member is
21 engaged in performing a function of the Commis-
22 sion.

23 (2) EXPENSES.—A member of the Commission
24 shall be paid travel, per diem, and other necessary
25 expenses under subchapter I of chapter 57 of title

1 5, United States Code, while traveling away from
2 such member's home or regular place of business in
3 the performance of the duties of the Commission.

4 (h) TERMINATION.—The Commission shall terminate
5 90 days after the date of the submission of its report pur-
6 suant to subsection (b).

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