



# **Social Security Disability Insurance (SSDI) and Medicare: The 24-Month Waiting Period for SSDI Beneficiaries Under Age 65**

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## **Summary**

Recipients of Social Security Disability Insurance (SSDI) benefits are eligible for Medicare benefits after a 24-month waiting period. This report explains this waiting period and its legislative history. This report also provides information on other programs that may provide access to health insurance during the required waiting period. This report will be updated to reflect legislative activity.

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Section 1811 of the Social Security Act provides that Social Security Disability Insurance (SSDI) beneficiaries are eligible for Medicare hospital insurance (Part A).<sup>1</sup> Individuals are also eligible to purchase Medicare supplementary medical insurance (Part B) or enroll in a Medicare Advantage plan (formerly known as a Medicare+Choice plan). SSDI beneficiaries are also eligible for voluntary prescription drug benefits (Part D).<sup>2</sup>

Generally, SSDI beneficiaries under age 65 are eligible for Medicare coverage in the month after they have received 24 months of SSDI benefits. Because of the five-month waiting period from onset of the disabling condition for disabled individuals to be qualified to receive SSDI benefits, this results in a total of 29 months after the onset of the disability before an individual is eligible for Medicare benefits.<sup>3</sup> Thus, at the beginning of the 30<sup>th</sup> month since the onset of the qualifying disability, SSDI beneficiaries become eligible for Medicare coverage.

## Exceptions to the 24-Month Waiting Period

For SSDI beneficiaries under 65 years of age, there are exceptions to the required 24-month waiting period for certain diseases. Specifically, SSDI beneficiaries qualify for Medicare

- after 24 months of receiving SSDI benefits (the general rule described previously); or
- at the first month of receiving SSDI benefits if the beneficiary has amyotrophic lateral sclerosis (ALS, or Lou Gehrig's disease); or
- after the third month when a beneficiary has end-stage renal disease (ESRD) or kidney failure; or
- in the month in which a beneficiary receives a kidney transplant.

The ALS exception went into effect July 1, 2001 as a result of the Consolidated Appropriations Act of 2001, P.L. 106-554. The ESRD provision was part of Social Security Amendments of 1972, P.L. 92-603.

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<sup>1</sup> 42 U.S.C. § 1395c. The SSDI program provides benefits to insured disabled workers under the full retirement age and to some spouses, surviving disabled spouses, and children in amounts related to the disabled worker's former earnings in covered employment. SSDI beneficiaries who are at least 65 years of age qualify for Medicare coverage on the basis of age. For additional information on the SSDI program see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by Scott Szymendera.

<sup>2</sup> For additional information on the Medicare program, see CRS Report RL33712, *Medicare: A Primer*, by Jennifer O'Sullivan.

<sup>3</sup> For additional information on the five-month waiting period for SSDI benefits see CRS Report RS22220, *Social Security Disability Insurance: The Five-Month Waiting Period for SSDI Benefits*, by Scott Szymendera.

## **Other Persons Under Age 65 Who Are Eligible for Medicare Because of a Disabling Condition**

In addition to SSDI beneficiaries, other individuals who are under age 65 may be eligible for Medicare on account of a disabling condition as described below.

- Certain disabled local, state, and federal employees who do not receive SSDI benefits may be eligible after the waiting period.
- Disabled widows and widowers ages 50 to 65 (and disabled divorced widows and widowers ages 50 to 65) are eligible for Medicare after a 24-month qualifying period if they are receiving Social Security benefits based on disability. For disabled widows/widowers, previous months of eligibility for Supplemental Security Income (SSI) based on disability may count toward the qualifying period.
- Certain dependent adult children of Medicare beneficiaries are eligible for Medicare if they developed a permanent and severe disability before age 22 and thus qualify for SSDI benefits based on a parent's work history. The two-year waiting period applies and starts when an individual turns 18 or when he or she is determined to be disabled if it is after age 18.
- A spouse or child may be eligible for Medicare, based on a worker's record, if the spouse or child is on continuing dialysis for ESRD or has a kidney transplant, even if no other family member participates in the Medicare program.

**Table 1** shows the number and percentage of persons under 65 years old who received Medicare in July 2005 due to disabling conditions. In 2006, just over 7 million beneficiaries under the age of 65 received Medicare on account of disability status. More than 43% of disabled beneficiaries were between the ages 55 and 64. More men (53.3%) than women (46.7%) received this benefit and the vast majority (73.5%) were white.

**Table 1. Persons Under Age 65 Who Receive Medicare (Part A and/or Part B) on Account of Disability, 2006**

	All Disabled	All Disabled (%)	Disabled with ESRD and ESRD Only	Disabled with ESRD and ESRD Only (%)
<b>Age</b>				
Under 35	614,778	8.8	23,604	11.3
35-44	1,183,326	16.9	36,532	17.5
45-54	2,192,065	31.2	64,386	30.8
55-64	3,031,808	43.2	84,589	40.5
<b>Sex</b>				
Male	3,745,171	53.3	121,747	58.2
Female	3,276,806	46.7	87,364	41.8
<b>Race</b>				
White	5,164,158	73.5	94,124	45.0
Black	1,326,485	18.9	83,653	40.0
All other races	515,186	7.3	29,930	14.3
Unknown	16,148	0.2	1,404	0.7
<b>Total</b>	<b>7,021,977</b>	<b>100.0</b>	<b>209,111</b>	<b>100.0</b>

**Source:** Congressional Research Service (CRS) tabulations using data from Social Security Administration, *Annual Statistical Supplement, 2007* (Washington: GPO 2008), Table 8.B5.

## Legislative History of Medicare Eligibility for SSDI Beneficiaries

The Social Security Amendments of 1972, P.L. 92-603, extended Medicare to persons with disabilities who had been entitled to Social Security Disability Insurance (SSDI) benefits for at least 24 consecutive months. The provision required the waiting period to begin with the first month of SSDI entitlement, which is five months after the onset of the disability.

### Congressional Reasoning for the 24-Month Waiting Period

In 1971, the House Committee on Ways and Means Report recommended extending Medicare protection to the disabled and stated that the Committee felt it was “imperative to proceed on a conservative basis.” The report stated that the 24-month waiting period was intended to

... help keep the costs within reasonable bounds, avoid overlapping private health insurance protection, particularly where a disabled worker may continue his membership in a group insurance plan for a period of time following the onset of his disability and minimize certain administrative problems that might otherwise arise.... Moreover, this approach provides

assurance that the protection will be available to those whose disabilities have proven to be severe and long lasting.<sup>4</sup>

A similar statement was included in the report to the Senate from the Committee on Finance.

## **Changes to the Waiting Period Criteria**

The Social Security Disability Amendments of 1980, P.L. 96-265, permitted an individual becoming re-entitled to SSDI benefits to count the months of the earlier spell of disability in satisfying the 24-month waiting period if the spell occurred within the previous five years or seven years for disabled widow(er)s and those who were disabled since childhood. The amendments also provided that if an individual was in a trial work period after the termination of the SSDI benefits, and had not completed the 24-month waiting period, the months of the trial work period could count toward satisfying the required waiting period for Medicare eligibility.

Effective October 1, 2000, the Ticket to Work and Work Incentives Improvement Act of 1999, P.L. 106-170, extended Medicare Part A coverage to certain working former SSDI beneficiaries for a total of 8.5 years.

## **Programs That May Provide Health Insurance During the 24-Month Waiting Period**

### **Medicaid**

Those SSDI beneficiaries with limited incomes and assets may qualify for Supplemental Security Income (SSI) benefits. Under SSI, disabled, blind, or aged individuals who have low incomes and limited resources are eligible for benefits regardless of their work histories.<sup>5</sup> In most states SSI receipt will entitle a person to Medicaid benefits.<sup>6</sup> Certain working SSDI beneficiaries who had been receiving Medicaid benefits may be eligible for a Buy-In Option allowing maintenance of Medicaid coverage. Thirty-two states currently provide a Medicaid Buy-In Option.

### **Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), P.L. 99-272**

Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), P.L. 99-272, requires employers who offer health insurance to continue coverage for persons who would otherwise lose coverage due to a change in work or family status. Coverage generally lasts 18

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<sup>4</sup> U.S. Congress, House Committee on Ways and Means, Report on H.R. 1, the Social Security Amendments of 1972, H.Rept. 92-231, 92<sup>nd</sup> Congress, 1<sup>st</sup> session. (Washington: GPO 1971), p. 67.

<sup>5</sup> For additional information on the SSI income and resource limits, see CRS Report RS20294, *SSI Income and Resource Limits: A Fact Sheet*, by Scott Szymendera.

<sup>6</sup> For additional information on Medicaid eligibility, see CRS Report RL31413, *Medicaid-Eligibility for the Aged and Disabled*, by (name redacted).

months but, depending on the circumstances, can last for longer periods.<sup>7</sup> If the Social Security Administration (SSA) makes a determination that the date of an individual's onset of disability occurred during the first 60 days of COBRA coverage or earlier, the employee and the employee's spouse and dependents are eligible for an additional 11 months of continuation coverage. This is a total of 29 months from the date of the qualifying termination or reduction of hours of employment. This provision was designed to provide a source of coverage while individuals wait for Medicare coverage to begin.

## Other Programs

Some SSDI beneficiaries may qualify for other government programs including veterans' programs for hospital and medical care.<sup>8</sup>

## Costs of the 24-Month Medicare Waiting Period

### Some SSDI Beneficiaries Die Within 24-Months

According to research based on new SSDI beneficiaries in 1995 who qualified upon their own work record, 11.8% died within the waiting period, 2.1% recovered, and 86.1% became entitled to Medicare. The study estimated hypothetical Medicare costs for the first 24 months of SSDI entitlement to be \$10,055 in 2000 dollars per person. Costs varied substantially by diagnostic group and by whether the person died or recovered during the waiting period. On average, beneficiaries who died during the waiting period were estimated to cost \$25,864, whereas those who recovered were estimated to cost \$1,506.<sup>9</sup>

### Medicare Costs

One research study suggested that eliminating the 24-month Medicare waiting period would cost \$5.3 billion<sup>10</sup> while another study estimated the cost at \$8.7 billion.<sup>11</sup> The differences in the estimates are because: (1) the \$5.3 billion used 2000 dollars while the \$8.7 billion is in 2002 dollars; (2) the \$5.3 billion estimate is for only SSDI beneficiaries that qualified under their own work record while the \$8.7 billion estimate includes disabled adult children and disabled

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<sup>7</sup> For additional information on COBRA coverage, see CRS Report RL30626, *Health Insurance Continuation Coverage Under COBRA*, by Heidi G. Yacker.

<sup>8</sup> For additional information on veterans' programs, see CRS Report RL33985, *Veterans' Benefits: Issues in the 110<sup>th</sup> Congress*, by (name redacted) et al.

<sup>9</sup> Gerald F. Riley, "The Cost of Eliminating the 24-Month Medicare Waiting Period for Social Security Disabled-Worker Beneficiaries," *Medical Care*, vol. 42, no. 4 (April 2004), pp. 387-394 (hereafter cited as Riley, *The Cost of Eliminating the 24-Month Medicare Waiting Period*). Persons with ESRD were excluded from this study because their waiting period was only three months as were managed care enrollees. Costs were inflation adjusted to year 2000 dollars by using the Hospital Input Price Index for Part A and the Medicare Economic Index for Part B.

<sup>10</sup> Riley, *The Cost of Eliminating the 24-Month Medicare Waiting Period*.

<sup>11</sup> Stacy Berg Dale and James M. Verdier, *Elimination of Medicare's Waiting Period for Seriously Disabled Adults: Impact on Coverage and Costs*, The Commonwealth Fund, Issue Brief, July 2003, available on The Commonwealth Fund website at [http://www.cmwf.org/publications/publications\\_show.htm?doc\\_id=221569](http://www.cmwf.org/publications/publications_show.htm?doc_id=221569) (hereafter cited as Dale and Verdier, *Elimination of Medicare's Waiting Period for Seriously Disabled Adults*).



widow(er)s; and (3) each used substantially different estimation methodologies. Neither of these estimates include the cost of the prescription drug benefit that started in January 2006.

## **Medicaid Cost Savings**

In 2002, approximately 40% of SSDI beneficiaries in the Medicare waiting period were enrolled in Medicaid. One study estimated that the federal government would save \$2.5 billion in Medicaid if the 24-month waiting period was eliminated; however, these federal Medicaid savings would more than be offset by the aforementioned cost increases to the Medicare program. Additionally, the states would realize \$1.8 billion in Medicaid savings if the waiting period was eliminated.<sup>12</sup>

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<sup>12</sup> Dale and Verdier, *Elimination of Medicare's Waiting Period for Seriously Disabled Adults*.

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