

116TH CONGRESS  
1ST SESSION

# H. R. 1215

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.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2019

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

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## A BILL

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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 2018 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 2032.

20 (C) According to the 2018 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       2026.

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 2018 Annual Reports, the Social Security and  
9       Medicare Boards of Trustees wrote, “The Trustees  
10      recommend that lawmakers address the projected  
11      trust fund shortfalls in a timely way in order to  
12      phase in necessary changes gradually and give work-  
13      ers and beneficiaries time to adjust to them. Imple-  
14      menting changes sooner rather than later would  
15      allow more generations to share in the needed rev-  
16      enue increases or reductions in scheduled benefits  
17      and could preserve more trust fund reserves to help  
18      finance future benefits. Social Security will play a  
19      critical role in the lives of 63 million beneficiaries  
20      and 175 million covered workers and their families  
21      during 2018. With informed discussion, creative  
22      thinking, and timely legislative action, Social Secu-  
23      rity can continue to protect future generations.”.

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

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

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

10          Section 201(d) of the Social Security Act (42 U.S.C.  
11          402(d)) 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 Old-Age  
21          and Survivors Insurance Trust Fund a Social Security  
22          Surplus Protection Account. As soon as practicable after  
23          the end of each fiscal year after fiscal year 2020, the Man-  
24          aging Trustee shall transfer to the Account, from amounts  
25          otherwise available in the Trust Fund, amounts equivalent

1 to the social security surplus for such fiscal year. Such  
2 amounts shall be transferred from time to time to the Ac-  
3 count, such amounts to be determined on the basis of esti-  
4 mates by the Managing Trustee, and proper adjustments  
5 shall be made in amounts subsequently transferred to the  
6 extent prior estimates were in excess of or were less than  
7 the correct amount.

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

11 “(i) the sum of—

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

1           “(II) the taxes imposed by chapter 2  
2           (other than section 1401(b)) of the Internal  
3           Revenue Code of 1986 with respect to self-em-  
4           ployment income (as defined in section 1402 of  
5           such Code) reported to the Secretary of the  
6           Treasury on tax returns under subtitle F of  
7           such Code, as determined by the Secretary of  
8           the Treasury by applying the applicable rate of  
9           tax under such chapter (other than section  
10          1401(b)) to such self-employment income, less  
11          the amounts specified in clause (2) of sub-  
12          section (b) of this section for such fiscal year;  
13          and

14           “(III) the amount equivalent to the aggre-  
15          gate increase in tax liabilities under chapter 1  
16          of the Internal Revenue Code of 1986 which is  
17          attributable to the application of sections 86  
18          and 871(a)(3) of such Code to payments from  
19          the Trust Fund; over

20          “(ii) the sum of—

21           “(I) benefits paid from the Trust Fund  
22          during the fiscal year; and

23           “(II) amounts authorized to be made avail-  
24          able from the Trust Fund under subsection (g)

1           of this section which are paid from the Trust  
2           Fund during such fiscal year.

3           “(C) Notwithstanding paragraph (1), the balance in  
4 the Account shall not be available for investment by the  
5 Managing Trustee.

6           “(D)(i) The preceding provisions of this paragraph  
7 shall not apply with respect to fiscal years commencing  
8 with or after the first fiscal year, after fiscal year 2020,  
9 for which a provision of Federal law takes effect and au-  
10 thorizes, for amounts in the Trust Fund, an investment  
11 vehicle other than obligations of the United States.

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

17 **SEC. 3. INTERIM PROTECTIONS FOR MEDICARE PART A**  
18 **TRUST FUND SURPLUS.**

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

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

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

4           (3) by adding at the end the following new  
5           paragraph:

6           “(2)(A) There is established in the Federal Hospital  
7           Insurance Trust Fund a Medicare Surplus Protection Ac-  
8           count (in this paragraph referred to as the ‘Account’). As  
9           soon as practicable after the end of each fiscal year after  
10          fiscal year 2020, the Managing Trustee shall transfer to  
11          the Account, from amounts otherwise available in the  
12          Trust Fund, amounts equivalent to the Medicare part A  
13          surplus for such fiscal year. Such amounts shall be trans-  
14          ferred from time to time to the Account, such amounts  
15          to be determined on the basis of estimates by the Man-  
16          aging Trustee, and proper adjustments shall be made in  
17          amounts subsequently transferred to the extent prior esti-  
18          mates were in excess of or were less than the correct  
19          amount.

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

23                  “(i) the sum of—

24                          “(I) the taxes imposed for such fiscal year  
25                          by sections 3101(b) and 3111(b) of the Internal



1 Revenue Code of 1986 with respect to wages  
2 (as defined in section 3121 of such Code) re-  
3 ported to the Secretary of the Treasury or his  
4 delegates pursuant to subtitle F of such Code,  
5 as determined by the Secretary of the Treasury  
6 by applying the applicable rates of tax under  
7 such sections to such wages; and

8 “(II) the taxes imposed by section 1401(b)  
9 of the Internal Revenue Code of 1986 with re-  
10 spect to self-employment income (as defined in  
11 section 1402 of such Code) reported to the Sec-  
12 retary of the Treasury on tax returns under  
13 subtitle F of such Code, as determined by the  
14 Secretary of the Treasury by applying the ap-  
15 plicable rate of tax under such section 1401(b)  
16 to such self-employment income; over

17 “(ii) the sum of—

18 “(I) benefits paid from the Trust Fund  
19 during the fiscal year; and

20 “(II) amounts authorized to be made avail-  
21 able from the Trust Fund under subsection (f)  
22 of this section (or section 201(g)) which are  
23 paid from the Trust Fund during such fiscal  
24 year.

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

4       “(D)(i) The preceding provisions of this paragraph  
5 shall not apply with respect to fiscal years commencing  
6 with or after the first fiscal year, after fiscal year 2020,  
7 for which a provision of Federal law takes effect and au-  
8 thorizes, for amounts in the Trust Fund, an investment  
9 vehicle other than obligations of the United States.

10       “(ii) A provision of Federal law shall be deemed to  
11 meet the requirements of clause (i) if such provision in-  
12 cludes the following: ‘This Act shall be considered to be  
13 a provision of Federal law meeting the requirements of  
14 section 1817(c)(2)(D)(i) of the Social Security Act.’”.

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

17       (a) **ESTABLISHMENT.**—There is established in the ex-  
18 ecutive branch of the Government a Social Security and  
19 Medicare Part A Investment Commission (in this section  
20 referred to as the “Commission”).

21       (b) **STUDY AND REPORT.**—As soon as practicable  
22 after the date of the enactment of this Act, the Commis-  
23 sion shall conduct a study to ascertain the most effective  
24 vehicles for investment of the Federal Old-Age and Sur-  
25 vivors Insurance Trust Fund and the Federal Hospital In-

1 surance Trust Fund, other than investment in the form  
2 of obligations of the United States. Not later than October  
3 1, 2020, the Commission shall submit a report to the  
4 President and to each House of the Congress setting forth  
5 its recommendations for such vehicles for investment, to-  
6 gether with proposals for such administrative and legisla-  
7 tive changes as the Commission determines necessary to  
8 authorize and implement such recommendations.

9 (c) COMPOSITION.—The Commission shall be com-  
10 posed of—

11 (1) 3 members appointed by the President, of  
12 whom 1 shall be designated by the President as  
13 Chairman;

14 (2) 2 members appointed by the Speaker of the  
15 House of Representatives;

16 (3) 1 member appointed by the minority leader  
17 of the House of Representatives;

18 (4) 2 members appointed by the majority leader  
19 of the Senate; and

20 (5) 1 member appointed by the minority leader  
21 of the Senate.

22 (d) MEMBERSHIP REQUIREMENTS.—Members of the  
23 Commission shall have substantial experience, training,  
24 and expertise in the management of financial investments  
25 and pension benefit plans.

1           (e) LENGTH OF APPOINTMENTS.—Members of the  
2 Commission shall serve for the life of the Commission. A  
3 vacancy on the Commission shall be filled in the manner  
4 in which the original appointment was made and shall be  
5 subject to any conditions that applied with respect to the  
6 original appointment.

7           (f) ADMINISTRATIVE PROVISIONS.—

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

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

10                    and

11                    (B) at additional times at the call of the  
12 Chairman.

13                 (2) EXERCISE OF POWERS.—

14                     (A) IN GENERAL.—The Commission shall  
15 perform the functions and exercise the powers  
16 of the Commission on a majority vote of a  
17 quorum of the Commission. Three members of  
18 the Commission shall constitute a quorum for  
19 the transaction of business.

20                     (B) VACANCIES.—A vacancy on the Com-  
21 mission shall not impair the authority of a  
22 quorum of the Commission to perform the func-  
23 tions and exercise the powers of the Commis-  
24 sion.

25           (g) COMPENSATION.—

1           (1) IN GENERAL.—Each member of the Com-  
2 mission who is not an officer or employee of the  
3 Federal Government shall be compensated at the  
4 daily rate of basic pay for level IV of the Executive  
5 Schedule for each day during which such member is  
6 engaged in performing a function of the Commis-  
7 sion.

8           (2) EXPENSES.—A member of the Commission  
9 shall be paid travel, per diem, and other necessary  
10 expenses under subchapter I of chapter 57 of title  
11 5, United States Code, while traveling away from  
12 such member's home or regular place of business in  
13 the performance of the duties of the Commission.

14          (h) TERMINATION.—The Commission shall terminate  
15 90 days after the date of the submission of its report pur-  
16 suant to subsection (b).

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