Social Security Administration

Old-Age, Survivors, Disability, and Health Insurance

PART I. DESCRIPTION OF THE PROGRAM

1. Objectives

The Federal old-age, survivors, disability, and health insurance (OASDHI) program is intended to provide continuing income for individuals and their families as partial replacement of earnings lost through old age, total disability, or death of the family earner and, beginning July 1966, to provide protection against the cost of health care in old age.

During working years employees, employers, and self-employed people pay social security contributions, which go into special trust funds. When earnings stop or are reduced because the worker retires, dies, or becomes disabled, monthly cash benefits are paid from the funds to replace part of the earnings that are lost. Part of the contributions made during the working years are put in a special fund so that when workers or their dependents reach age 65 they will have basic hospital insurance to help pay their hospital bills. Virtually all persons now 65 and over are eligible for the hospital insurance benefits; presently, the costs for uninsured persons are paid from general revenues. Payments under the program serve as a base on which the individual may add savings, private insurance income, income from private pension plans, and other sources.

The social security program also includes a voluntary supplementary medical insurance plan, under which protection is provided to meet part of the costs of physicians' services and other medical services not covered by the basic hospital plan. The voluntary insurance plan is open to all people age 65 and over who choose to enroll and pay the required premiums. It is financed in equal shares by the older persons who elect to participate and by the Federal Government through general revenues.

2. Operation

The Social Security Administration, a component of the Department of Health, Education, and Welfare, administers the OASDHI program. All contributions go into Federal trust funds from which all benefits and administrative expenditures are paid. Administration of the cash benefits program is a direct Federal operation. Private organizations, however, as well as public agencies other than SSA, will be used in administering the health insurance plans.

The Social Security Administration is composed of the Office of the Commissioner and five staff offices, and seven bureaus. To the greatest extent possible, operations of the Social Security Administration are decentralized to provide services at the local level to per-