**Policy Clarification**

**Medical Assistance – All – PMA-22130-357**

**Long-Term Care – All - PMN-22130-457**

**Submitted: March 25, 2025 Agency: CAOs**

**Subject: Increased Social Security Benefits and Lump Sum Payments Due to the Social Security Fairness Act**

**Question: How should the County Assistance Office (CAO) treat increased Social Security Benefits and lump sum payments due to the Social Security Fairness Act?**

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| **Response By: Division of Health Services** | **Date: April 30, 2025** |  |  |
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On January 5, 2025, President Biden signed the Social Security Fairness Act into law. This resulted in the Social Security Administration (SSA) increasing Social Security benefits for some individuals who were previously subject to the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). These issuances come in the form of a monthly increased benefit, and in some cases, recipients will get a lump sum. SSA estimates completing these issuances by November of 2025. Although there will be no specific identifier for who will receive these payments, Data Exchange 3 will show increased gross Social Security benefits for those affected.

The individuals receiving the increased benefits and lump sum payments include some:

* Teachers, firefighters, and police officers in many states;
* Federal employees covered by the Civil Service Retirement System; and
* People whose work had been covered by a foreign social security system.

If an individual reports increased Social Security benefits, or Data Exchange 3 reflects the increased benefit amount for the previous or the current month, the CAO will increase the income in the current or next month respectively.

**Reminder:** Medicaid benefits cannot be adversely affected retroactively.   
  
Recipients of lump sum payments from the SSA will be for retroactive months back to January 2024.

When an individual reports or the CAO is informed otherwise of a receipt of a lump sum payment from SSA, if the CAO does not have documentation of the date, amount, and source of the payment, request additional information from the individual using the PA 253.

Retroactive Social Security benefits are an excluded resource for nine months after the month of receipt when the date, amount, and source of the payment are verified.

If the exclusion period for the lump sum payment has expired, the CAO will count any remaining funds from the lump sum payment as a resource.

If the individual failed to report the lump sum payment timely and the individual’s resources exceed the resource limit, the CAO will refer to   
[Long-Term Care Handbook 457.5, Lump Sum Overpayments](http://services.dpw.state.pa.us/oimpolicymanuals/ltc/index.htm#t=457_Lump_Sum_Payments%2F457_5_Lump_Sum_Overpayments.htm&rhsearch=440.811&rhsyns=%20) or   
[Medical Assistance Eligibility Handbook 357.3, Treatment of Lump Sum as a Resource](http://services.dpw.state.pa.us/oimpolicymanuals/ma/index.htm#t=357_Lump_Sum%2F357_3_Treatment_of_Lump_Sum_as_a_Resource.htm) to determine if an overpayment exists.

More information about the end of the WEP and the GPO can be found on the Social Security website; [Social Security Fairness Act: Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) update | SSA](https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html).