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## SOCIAL SECURITY AMENDMENTS OF 1965

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 6675, the so-called medicare bill.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to inmprove the Federal-State public assistance programs, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, the purpose of having the bill laid before the Senate is to have it as the pending business before the Senate starts the Fourth of July recess tomorrow. No votes will be taken on the bill today or tomorrow, and it is not anticipated that action of any kind will be taken. But beginning with the return of the Senate next Tuesday, the bill will be the pending business and the Senate should be prepared to move with expedition.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. LONG of Louisiana. Mr. President, in the course of the consideration of the pending bill, it will be helpful for the Senate to have the advice of certain experts in the field of social security and public welfare legislation. I therefore ask unanimous consent that Mr. Frederick B. Arner, senior specialist and chief of the Education and Public Welfare Division of the Library of Congress, and Miss Helen Livingston, assistant chief of the Division, be given privileges of the floor during consideration of the Social Security Amendments of 1965, H.R. 6675.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. I make the same request for Mr. Irvin Wolkstein, of the Social Security Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, the pending bill will be the largest and most significant piece of social legislation ever to pass the Congress in the history of our country. It will do more immediate good for more people who need the attention of their Government than any bill that the Congress has ever enacted. We measure our accomplishments here by our association with those few pieces of legislation which clearly move the American people toward a better life. The bill I am honored to present to you today—a bill entitled "The Social Security Amendments of 1965"—meets these qualifications. It exemplifies our country's concern with all of our own people, as well as with the serious problems we face in our position as a leader of the world.

It is almost 30 years to the day since the original 32-page social security bill was reported by the Committee on Finance. This system has grown, from somewhat humble beginnings, to be a mighty citadel of America's social and economic well-being. The original report in 1935 contemplated that, by 1980, some $3.5 billion would be paid out in benefits. Last year, social security benefit disbursements totaled over $16 billion. Present estimates indicate that by 1967, under this legislation, the total social insurance disbursements will approach $25 billion. Even allowing for differences in the value of the dollar, the program is about 4 times greater than conceived.

This program not only means dignity to the individual, but serves our country as an economic stabilizer while at the same time it provides for the whole of the free world a beacon reflecting the democratic way of achieving social progress. We are not, in this legislation, conforming with an international blueprint for social legislation. We are considering a bill which represents concern, consideration, and compromise in the best American tradition, and reflects the ideas of many men sitting here today.

We must be proud of the fact that this bill, at long last, provides the kind of protection against the costs of good medical care for older Americans which they deserve, and which this administration has worked so long and tirelessly to achieve. It is only fair to say that this concern is shared by our Republican colleagues, the differences being as to the most appropriate method to obtain this end. Now, with the issue set squarely before this great body by the bill reported by the Committee on Finance, the moment of truth is before us.

But I want the Senate, and the American people, to understand that this is not the only issue before us at this time. Although the bill's most noteworthy and publicized feature is the comprehensive medical care it provides for 19 million aged people, this is but one part of this almost 400-page document. Among those most helped by the bill are children. Other groups who are aided considerably by this legislation are the disabled, the mentally ill, those afflicted with tuberculosis, persons who can be rehabilitated, widows, those who previously had not enough social security coverage to get benefits, and the elderly who still work to make ends meet. The aged, the blind, the dependent children, and the disabled who are drawing public welfare benefits will also get larger payments.

Here are some of the things that the bill will do: To start with, 19 million people will get basic hospital protection of longer duration than under the House bill. Perhaps 17 million of these people, a conservative estimate, will also be able to take advantage of the voluntary supplementary program, which covers physicians' and other services. Eight million of these people also will be eligible for the new Kerr-Mills-type program for the less fortunate in our society. The coverage under this program potentially could grow twofold.

As to the existing social security program, 20 million beneficiaries will receive a 7-percent benefit increase. Moreover, almost a million beneficiaries who work to supplement their benefits will profit from the liberalized earnings limit, added in the Senate. It lets them earn up to $1,800 a year without penalty, rather than the out-dated $1,200 allowed under existing law. Another one-third million of our most elderly citizens, who are not now receiving any social security benefits at all, will qualify for special benefits at age 72. Some 40,000 children will receive benefits because of liberalizing definition changes, while almost 200,000 widows will have the opportunity to draw benefits if they decide to retire at age 60 rather than age 62.

Simple equity, and the aims of an educated America, will profit from the extension of social security benefits to children up to age 22 who are going to school. And I am glad to say that the Senate committee added a similar right for the children in needy families, in that it extended the optional provision which would allow States to continue making payments to dependent children who reach age 18 but want to continue to go to a college or university and otherwise would be cut off. It is, as the junior Senator from Connecticut has pointed out, precisely these children who are seeking to work their way out of the chain of inherited poverty, who are now being told, by existing law, that it does no good to work for themselves or their needy families.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from New York.

Mr. JAVITS. I thank the Senator. The provision with respect to children wishing to continue in school has been a subject on which I have worked for a

very long time. I have previously offered amendments on the subject which were turned down. I know that the Senator from Louisiana has very much favored my proposal, and I am extremely pleased to see the provision in the bill.

Mr. LONG of Louisiana. I believe the Senator from New York has had some experiences parallel to those of the Senator from Connecticut [Mr. RIBICOFF]. As boys, they worked to help their families. The provision is particularly important to help young people who otherwise might be denied the opportunity of an education or the opportunity to improve themselves and move ahead, to share the benefits and the blessings of this great country.

Mr. JAVITS. I thank the Senator.

Mr. LONG of Louisiana. I thank the Senator from New York.

In fact, although the President's recommendation in the House bill picked up the nickname of "Kerr-Mills for kids"—and it was well deserved—I would point out to Senators present that the reported bill of the Committee on Finance has its eye firmly fixed on the future leaders of America, as well as on grandpa and grandma. The bill before the Senate extends the authorization for child welfare services and also established special project grants for emotionally disturbed children. If the bill had passed years ago, it might, as the report points out—page 90—have prevented the loss of our fellow Senator and President, John F. Kennedy, because it might have provided for the adjustment and proper care for the person who was later named as the assassin.

This bill also provides some amendments which have been very close to my heart over the years. As to public assistance, the bill includes a substantial increase in the Federal share of the matching formula for the needy aged, blind, disabled, and dependent which will result in a $2.50 monthly payment increase for adults and $1.50 payment increase for children. This is the amendment that I sponsored last year which was adopted by this body and which would have prevailed if the conference had not deadlocked on medicare.

I am also particularly happy that my lengthy struggle to eliminate the archaic exclusion of Federal assistance to the mentally ill and the victims of tuberculosis has proved worthwhile. Senators will remember that I first brought this matter to the attention of the Senate in 1960 with a floor amendment which the Senate adopted to grant equality under the public assistance law to the aged who were so afflicted. When the Senate position did not prevail in conference I kept the Senate in session into the early morning hours in my protest against the continuation of this discrimination against the mentally ill and those suffering tuberculosis.

I am particularly happy to see that the House of Representatives has now agreed to the position I took at that time.

All of us in this body are, I am sure, proud of the fact that we have, at long last, removed these residual shackles from the feet of those, who, by the accident of history, have been overlooked, and left behind, because they were relatively small in numbers or could not speak for themselves.

Because this is truly a great and lengthy bill, it is impossible to enumerate all of the changes—affecting all of the people in this country—in the time available to the Senate today.

I urge Senators to study the committee report, which in itself consists of two volumes and contains 563 pages. It details and analyzes what the Committee on Finance has recommended to the Senate. If Senators have the time, I hope that they will study not only the report but also the hearings. It is necessary for us to abbreviate the hearings; otherwise it would have been impossible to bring the bill before the Senate at the present session of Congress.

In an effort to apprise Senators in short order of the various proposed changes in the law advocated by this broad-gaged bill, I ask unanimous consent to have printed in the RECORD at this point a brief analysis of the bill as it appears on pages 4 through 22 of the committee report.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

PRINCIPAL PROVISIONS OF THE BILL

A. HEALTH INSURANCE AND MEDICAL CARE FOR THE AGED

The committee's bill would add a new title XVIII to the Social Security Act providing two related health insurance programs for persons 65 or over:

1. A basic plan in part A providing protection against the costs of hospital and related care; and

2. A voluntary supplementary plan in part B providing protection against the costs of physicians' services and other medical and health services to cover certain areas not covered by the basic plan.

The basic plan would be financed through a separate payroll tax and separate trust fund. The plan would be actuarially sound under conservative cost assumptions. Benefits for persons currently over 65 who are not insured under the social security and railroad retirement systems would be financed out of Federal general revenues.

Enrollment in the supplementary plan would be voluntary and would be financed by a small monthly premium ($3 per month initially) paid by enrollees and an equal amount supplied by the Federal Government out of general revenues. The premiums for social security, railroad retirement, and civil service retirement beneficiaries who voluntarily enroll would be deducted from their monthly insurance benefits. Uninsured persons desiring the supplemental plan would make the periodic premium payments to the Government.

The committee's bill would also add a new title XIX to the Social Security Act which would provide a more effective Kerr-Mills program for the aged and extend its provisions to additional needy persons. It would allow the States, at their option, to combine with a single uniform category the differing medical provisions for the needy which currently are found in five titles of the Social Security Act.

A description of these three programs follows:

*1. Basic plan—Hospital insurance*

General description: Basic protection, financed through a separate payroll tax, would be provided by H.R. 6675 against the costs of inpatient hospital services, posthospital extended care services, posthospital home health services, and outpatient hospital diagnostic services for social security and railroad retirement beneficiaries when they attain age 65. Benefits for railroad retirement eligibles would be financed by the railroad retirement tax out of their trust account if certain conditions are met. The same protection, financed from general revenues, would be provided under a special transitional provision for essentially all people who are now aged 65, or who will reach 65 in the near future, but who are not eligible for social security or railroad retirement benefits.

Effective date: Benefits would first be effective on July 1, 1966, except for services in extended care facilities which would be effective on January 1, 1967.

Benefits: The services for which payment would be made under the basic plan include—

1. Inpatient hospital services for up to 120 days in each spell of illness. The patient pays a deductible amount of $40 for the first 60 days plus $10 a day for any days in excess of 60 for each spell of illness; hospital services would include all those ordinarily furnished by a hospital to its inpatients; however, payment would not be made for private duty nursing or for the hospital services of physicians except (1) services provided by interns or residents in training under approved teaching programs; and (2) services of radiologists, anesthesiologists, pathologists, and physiatrists where these services are provided under an arrangement with the hospital and are billed through the hospital. Inpatient psychiatric hospital service would also be included, but a lifetime limitation of 210 days would be imposed.

2. Posthospital extended care (in a facility having an arrangement with a hospital for the timely transfer of patients and for furnishing medical information about patients) after the patient is transferred from a hospital (after at least a 3-day stay) for up to 100 days in each spell of illness, but after the first 20 days of care patients will pay $5 a day for the remaining days of extended care in a spell of illness;

3. Outpatient hospital diagnostic services, with the patient paying a $20 deductible amount and a 20-percent coinsurance for each diagnostic study (that is, for diagnostic services furnished to him by the same hospital during a 20-day period); and

4. Posthospital home health services for up to 175 visits, after discharge from a hospital (after at least a 3-day stay) or extended care facility and before the beginning of a new spell of illness. Such a person must be in the care of a physician and under a plan established by a physician within 14 days of discharge calling for such services. These services would include intermittent nursing care, therapy, and the part-time services of a home health aid. The patient must be homebound, except that when certain equipment is used, the individual could be taken to a hospital or extended care facility or rehabilitation center to receive some of these covered home health services in order to get advantage of the necessary equipment.

No service would be covered as posthospital extended care or as outpatient diagnostic or posthospital home health services if it is of a kind that could not be covered if it were furnished to a patient in a hospital.

A spell of illness would be considered to begin when the individual enters a hospital or extended care facility and to end when he has not been an inpatient of a hospital or extended care facility for 60 consecutive days.

The deductible amounts for inpatient hospital and outpatient hospital diagnostic services would be increased if necessary to keep pace with increases in hospital costs, but no such increase would be made before 1968. The coinsurance amounts for long-stay hospital and extended care facility benefits would be correspondingly adjusted. For

reasons of administrative simplicity, increases in the hospital deductible will be made only when a $4 change is called for and the outpatient deductible will change in $2 steps.

Basis of reimbursement: Payment of bills under the basic plan would be made to the providers of service on the basis of the "reasonable cost" incurred in providing care for beneficiaries.

Administration: Basic responsibility for administration would rest with the Secretary of Health, Education, and Welfare; however, the administration of benefits for individuals under the railroad retirement system would be transferred to the Railroad Retirement Board if certain financing conditions are met, as explained under the next heading. The Secretary would use appropriate State agencies and private organizations (nominated by providers of services) to assist in the administration of the program. Provision is made for the establishment of an Advisory Council which would advise the Secretary on policy matters in connection with administration.

Financing: Separate payroll taxes to finance the basic plan, paid by employers, employees, and self-employed persons would be earmarked in a separate hospital insurance trust fund established in the Treasury. The amount of earnings (earnings base) subject to the new payroll taxes would be the same as for purposes of financing social security cash benefits. The same contribution rate would apply equally to employers, employees, and self-employed persons and would be as follows:

| | *Percent* |
|---|---|
| 1966 | 0.325 |
| 1967–70 | .50 |
| 1971–72 | .55 |
| 1973–75 | .60 |
| 1976–79 | .65 |
| 1980–86 | .75 |
| 1987 and after | .85 |

The taxable earnings base for the health insurance tax would be $6,600 a year beginning in 1966.

The schedule of contribution rates is based on estimates of cost which assume that the earnings base will not be increased above $6,600.

The benefits for railroad retirement eligibles will be financed by the railroad retirement tax, which is automatically increased by the operation of this bill. However, the railroad retirement wage base (now $450 a month) is not affected by this bill and is not within the jurisdiction of this committee. Until an amendment is adopted to the Railroad Retirement Tax Act increasing their wage base to an amount equivalent to an earnings base of $6,600 per year, the benefits of railroad eligibles will be financed by the hospital insurance tax and administered by the Secretary of Health, Education, and Welfare; thereafter the benefits for railroad eligibles will be administered by the Railroad Retirement Board.

The cost of providing basic hospital and related benefits to people who are not social security or railroad retirement beneficiaries would be paid from general funds of the Treasury.

*2. Voluntary supplementary insurance plan*

General description: A package of benefits supplementing those provided under the basic plan would be offered to all persons 65 and over on a voluntary basis. Individuals who elect to enroll initially would pay premiums of $3 a month (deducted, where possible, from social security or railroad retirement benefits). The Government would match this premium with $3 paid from general funds. Since the minimum increase in cash social security benefits under the bill for workers retiring or who retired at age 65 or older would be $4 a month ($6 a month for man and wife receiving benefits based on the same earnings record), the benefit increases would fully cover the amount of monthly premiums.

Enrollment: Persons who have reached age 65 before July 1, 1966, will have an opportunity to enroll in an enrollment period which begins April 1, 1966, and shall end on September 30, 1966.

Persons attaining age 65 subsequent to July 1, 1966, will have enrollment periods of 7 months beginning 3 months before the month of attainment of age 65.

In the future, general enrollment periods will be from October 1 to December 31, in each even-numbered year. The first such period will be October 1 to December 31, 1968.

No person may enroll more than 3 years after the close of the first enrollment period in which he could have enrolled.

There will be only one chance to reenroll for persons who are in the plan but drop out, and the reenrollment must occur within 3 years of termination of the previous enrollment.

Coverage may be terminated (1) by the individual filing notice during an enrollment period, or (2) by the Government, for nonpayment of premiums.

A State would be able to provide the supplementary insurance benefits to its public recipients who are receiving cash assistance if it chooses to do so.

Effective date: Benefits will be effective beginning January 1, 1967.

Benefits: The voluntary supplementary insurance plan would cover physicians' services, chiropractic and podiatrists services, home health services, and numerous other medical and health services in and out of medical institutions.

There would be an annual deductible of $50. Then the plan would cover 80 percent of the patient's bill (above the deductible) for the following services:

1. Physicians' and surgeons' services, whether furnished in a hospital, clinic, office, in the home, or elsewhere.
2. Chiropractors' services.
3. Podiatrists' services.
4. Home health service (with no requirement of prior hospitalization) for up to 100 visits during each calendar year.
5. Diagnostic X-ray and laboratory tests, and other diagnostic tests.
6. X-ray, radium, and radioactive isotope therapy.
7. Ambulance services.
8. Surgical dressings and splints, casts, and other devices for reduction of fractures and dislocations; rental of durable medical equipment such as iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home, prosthetic devices (other than dental) which replace all or part of an internal body organ; braces and artificial legs, arms, eyes, etc.

There would be a special limitation on outside-the-hospital treatment of mental, psychoneurotic, and personality disorders. Payment for such treatment during any calendar year would be limited, in effect, to $250 or 50 percent of the expenses, whichever is smaller.

Administration by carriers: Basis for reimbursement: The Secretary of Health, Education, and Welfare would be required, to the extent possible, to contract with carriers to carry out the major administrative functions relating to the medical aspects of the voluntary supplementary plan such as determining rates of payments under the program, holding and disbursing funds for benefit payments, and determining compliance and assisting in utilization review. No contract is to be entered into by the Secretary unless he finds that the carrier will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as he finds pertinent. The contract must provide that the carrier take necessary action to see that where payments are on a cost basis (to institutional providers of service), the cost is reasonable cost. Correspondingly, where payments are on a charge basis (to physicians or others furnishing noninstitutional services), the carrier must see that such charge will be reasonable and not higher than the charge applicable, for a comparable service and under comparable circumstances to the other policyholders and subscribers of the carrier. Payment by the carrier for physicians' services will be made on the basis of a receipted bill, or on the basis of an assignment under the terms of which the reasonable charge will be the full charge for the service. In determining reasonable charges, the carriers would consider the customary charges for similar services generally made by the physician or other person or organization furnishing the covered services, and also the prevailing charges in the locality for similar services.

Financing: Aged persons who elect to enroll in the supplemental plan would pay monthly premiums of $3. Where the individual is currently receiving monthly social security, railroad retirement, or civil service retirement benefits, the premiums would be deducted from his benefits.

The Government would help finance the supplementary plan through a payment from general revenues in an equal amount of $3 a month per enrollee. To provide an operating fund, if necessary, at the beginning of the supplementary plan, and to establish a contingency reserve, a Government appropriation would be available (on a repayable basis) equal to $18 per aged person estimated to be eligible in January 1967 when the supplementary plan goes into effect.

The individual and Government contributions would be placed in a separate trust fund for the supplementary plan. All benefit and administrative expenses under the supplementary plan would be paid from this fund.

Premium rates for enrolled persons (and the matching Government contribution) would be increased from time to time if program costs rise, but not more often than once every 2 years. The premium rate for a person who enrolls after the first period when enrollment is open to him or who reenrolls after terminating his coverage would be increased by 10 percent for each full 12 months he stayed out of the program.

*3. Improvement and extension of Kerr-Mills medical assistance program*

Purpose and scope: In order to provide a more effective Kerr-Mills medical assistance program for the aged and to extend its provisions to additional needy persons, the bill would establish a single and separate medical care program to consolidate and expand the differing provisions for the needy which currently are found in five titles of the Social Security Act.

The new title (XIX) would extend the advantages of an expanded medical assistance program not only to the aged who are indigent but also to needy individuals in the dependent children, blind, and permanently and totally disabled programs and to persons who would qualify under those programs if in sufficient financial need.

Medical assistance under title XIX must be made available to all individuals receiving money payments under these programs and the medical care or services available to all such individuals must be equal in amount, duration, and scope. Effective July 1, 1967, all children under age 21 must be included who would, except for age, be dependent children under title IV.

Inclusive of the medically indigent aged not on the cash assistance rolls would be optional with the States but if they are included, comparable groups of blind, disabled, and parents and children must also be included if they need help in meeting

necessary medical costs. Moreover, the amount and scope of benefits for the medically indigent could not be greater than that of recipients of cash allowance.

Under the House bill, the current provisions of law in the various public assistance titles of the act providing vendor medical assistance would have terminated upon adoption of the new program by a State, but in no case later than June 30, 1967. The committee has amended this provision so that a State would have the option of continuing under the vendor medical provisions of existing law or adopting the new program.

Scope of medical assistance: Under existing law the State must provide "some institutional and noninstitutional care" under the medical assistance for the aged program. There are no minimum benefit requirements at all under the other public assistance vendor medical programs.

The House bill requires that by July 1, 1967, under the new program a State must provide inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physicians' services (whether furnished in the office, the patient's home, a hospital, a skilled nursing home, or elsewhere) in order to receive Federal participation. The committee has altered this requirement so that it is more appropriate to the groups covered in that dental services are required for individuals under the age of 21 while skilled nursing home services are required for individuals 21 years of age or older. Coverage of other items of medical service would be optional with the States.

Eligibility: Improvements would be effectuated in the program for the needly elderly by requiring that the States must provide a flexible income test which takes into account medical expenses and does not provide rigid income standards which arbitrarily deny assistance to people with large medical bills. In the same spirit the bill provides that no deductible, cost sharing, or similar charge may be imposed by the State as to hospitalization under its program and that any such charge on other medical services must be reasonably related to the recipient's income or resources. Also important is the requirement that elderly needy people on the State programs be provided assistance to meet the deductibles that are imposed by the new basic program of hospital insurance. Also where a portion of any deductible or cost sharing required by the voluntary supplementary program is met by a State program, the portion covered must be reasonably related to the individual's income and resources. No income can be imputed to an individual unless actually available; and the financial responsibility of an individual for an applicant may be taken into account only if the applicant is the individual's spouse or child who is under age 21 or blind or disabled.

Standards as to quality of care and safety: The committee added to the provisions of the House bill a requirement that the States include in their States plans descriptions of the medical staff utilized and the standards for institutions providing medical care and authorized the Secretary of Health, Education, and Welfare to promulgate minimum standards relating to fire and other hazards for such institutions.

Increased Federal matching: The Federal share of medical assistance expenditures under the new program would be determined upon a uniform formula with no maximum on the amount of expenditures which would be subject to participation. There is no maximum under present law on similar amounts for the medical assistance for the aged program. The Federal share, which varies in relation to a State's per capita income, would be increased over current medical assistance for the aged matching so that States at the national average would receive 55 percent rather than 50 percent, and States at the lowest level could receive as much as 83 percent as contrasted with 80 percent under existing law.

In order to receive any additional Federal funds, as a result of expenditures under the new program, the States would need to continue their own expenditures at their present rate. For a specified period, any State that did not reduce its own expenditures would be assured of at least a 5-percent increase in Federal participation in medical care expenditures. As to compensation and training of professional medical personnel used in the administration of the program, the bill would provide a 75-percent Federal share as compared with the 50–50 Federal-State sharing for other administrative expenses.

Administration: Under the House bill, the State agency administering the new program would have to be the same as that administering the old-age assistance program (i.e., the welfare agency). The committee, believing the States should be given more latitude in this matter, provided that any State agency may be designated to administer the program, as long as the determination of eligibility is accomplished by the agency administering the old-age assistance program.

Effective date: January 1, 1966.

*4. Cost of health care plans*

Basic plan: Benefits and administrative expenses under the basic plan would be about $1.1 billion for the 6-month period in 1966 and about $2.4 billion in 1967. Contribution income for those years would be about $1.5 and $2.8 billion, respectively. The costs for the uninsured (paid from general funds) would be about $285 million per year for early years.

Voluntary supplementary plan: Costs of the voluntary supplementary plan would depend on how many of the aged enrolled.

If 80 percent of the eligible aged enrolled, benefit costs (and administrative expenses) of the supplementary plan would be about $665 to $800 million in 1967 and about $910 million to $1.10 billion in 1968. Premium income from enrollees for those years would be about $555 and $565 million, respectively. The matching Government contribution would equal the premiums charged the individual.

If 95 percent of the eligible aged enrolled, benefit costs and administrative expenses of the supplementary plan would be about $790 to $945 million in 1967 and about $1.08 to $1.30 billion in 1968. Premium income from enrollees for those years would be about $660 and $670 million, respectively. The Government contribution would equal the premiums charged the individual.

Public assistance plan: It is estimated that the new program will increase the Federal Government's contribution about $200 million in a full year of operation over that in the programs operated under existing law.

B. CHILD HEALTH AND WELFARE AMENDMENTS

Maternal and child health, crippled children, and child welfare: The House bill would increase the amount authorized for maternal and child health services over current authorizations by $5 million for fiscal year 1966 and by $10 million in each succeeding fiscal year, as follows:

| Fiscal year | Existing law | Under bill |
|---|---|---|
| 1966 | $40,000,000 | $45,000,000 |
| 1967 | 40,000,000 | 50,000,000 |
| 1968 | 45,000,000 | 55,000,000 |
| 1969 | 45,000,000 | 55,000,000 |
| 1970 and after | 50,000,000 | 60,000,000 |

The authorizations for crippled children's service under the House bill would be increased by the same amounts. The committee has added a similar increase in the authorization for the child welfare program.

The increases would assist the States, in these programs, in moving toward the goal of extending services with a view of making them available to children in all parts of the State by July 1, 1975.

Crippled children-training personnel: The bill would also authorize $5 million for the fiscal year 1967, $10 million for fiscal 1968, and $17.5 million for each succeeding fiscal year to be for grants to institutions of higher learning for training professional personnel for health and related care of crippled children, particularly mentally retarded children and children with multiple handicaps.

Health care for needy children: a new provision is added authorizing the Secretary of Health, Education, and Welfare to carry out a 5-year program of special project grants to provide comprehensive health care and services for children of school age, or for preschool children, particularly in areas with concentrations of low-income families. The grants would be to State health agencies, to the State agencies administering the crippled children's program, to any school of medicine (with appropriate participation by a school of dentistry), and any teaching hospital affiliated with such school, to pay not to exceed 75 percent of the cost of the project. Projects would have to provide screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, including dental services, with treatment, correction of defects, and aftercare limited to children in low-income families.

An appropriation of $15 million would be authorized for the fiscal year ending June 30, 1966; $35 million for the fiscal year ending June 30, 1967; $40 million for the fiscal year ending June 30, 1968; $45 million for the fiscal year ending June 30, 1969; and $50 million for the fiscal year ending June 30, 1970.

The committee has added an amendment which has increased the authorization for such grants by $5 million for fiscal years 1968, 1969, and 1970 to cover the cost of special project grants to provide health services for school and preschool children who are or are in danger of becoming emotionally disturbed. Grants would be made to State or local health, mental health, or public welfare agencies, or other public or nonprofit private agencies, or institutions. The committee amendment would further authorize an appropriation of $500,000 each for the fiscal years ending June 30, 1966, and June 30, 1967, for grants for studies of resources, methods and practices for prevention and diagnosis of emotional illness in children and for treatment and rehabilitation of emotionally ill children.

Mental retardation planning: Title XVII of the act would be amended to authorize grants totaling $2,750,000 for each of 2 fiscal years—the fiscal year ending June 30, 1966, and fiscal year ending June 30, 1967. The funds would be available during the 3-year period July 1, 1965, to June 30, 1968. The grants would be for the purpose of assisting States to implement and followup on plans and other steps to combat mental retardation authorized under this title of the Social Security Act.

C. OLD-AGE, SURVIVORS, AND DISABLILITY INSURANCE PROVISIONS

*1. Benefit changes*

(a) A 7-percent across-the-board increase in old-age survivors, and disability insurance benefits:

The bill provides a 7-percent across-the-board benefit increase, effective retroactively beginning with benefits for January 1965, for the 20 million social security beneficiaries on the rolls (with a guaranteed $4 a month minimum increase for retired workers who are age 65 or over in the first month for which they are paid the increased benefit).

Monthly benefits for workers who retire at or after 65 would be increased to a new minimum of $44 (now $40) and to a new maxi-

mum of $135.90 (now $127). In the future, creditable earnings under the increase in the contribution and benefit base to $6,600 a year (now $4,800) would make possible a maximum benefit of $168.

The maximum amount of benefits payable to a family on the basis of a single earnings record would be related to the worker's average monthly earnings at all earnings levels. Under present law, there is a $254 limit on family benefits which operates over a wide range of average monthly earnings. Under the bill the highest family maximum would be $368.

(b) Payment of child's insurance benefits to children attending school or college after attainment of age 18 and up to age 22:

H.R. 6675 includes the provision adopted by both House and Senate last year which would continue to pay a child's insurance benefit until the child reaches age 22, provided the child is attending a public or an accredited school, including a vocational school or a college, as a full-time student after he reaches age 18. Children of deceased, retired, or disabled workers would be included. No mother's or wife's benefits would be payable if the only child in the mother's care is one who has attained age 18 but is in school.

This provision will be effective January 1, 1965. It is estimated that 295,000 children will be eligible for benefits for September 1965, when the school year begins.

(c) Benefits for widows at age 60:

The bill would provide the option to widows of receiving benefits beginning at age 60, with the benefits payable to those who claim them before age 62 being actuarially reduced to take account of the longer period over which they will be paid. Under present law, full widow's benefits and actuarially reduced worker's and wife's benefits are payable at age 62.

This provision, adopted by both Houses of Congress last year, would be effective for the second month after the month of enactment. It is estimated that 185,000 widows will claim benefits during the first year of operation under this provision.

(d) Amendment of disability program:

(i) Definition of disability: The bill would eliminate the present requirement that a worker's disability must be expected to be of long continued and indefinite duration, and instead provide that an insured worker would be eligible for disability benefits if he has been under a disability which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 calendar months. Benefits payable by reason of this change would be paid for the second month following the month of enactment. An estimated 60,000 persons—disabled workers and their dependents—will become immediately eligible for benefits as a result of this change.

(ii) Disability benefits offset provision: The bill provides that the social security disability benefit for any month for which a worker is receiving a workmen's compensation benefit will be reduced to the extent that the total benefits payable to him and his dependents under both programs exceed 80 percent of his average monthly earnings prior to the onset of disability, but with the reduction periodically adjusted to take account of changes in national average earnings levels. The offset provision will be applicable with respect to benefits payable for months after December 1965 based on applications filed after December 1965.

(iii) Benefits for children disabled before reaching age 22: The bill provides that a child who is disabled before reaching age 22 (rather than before age 18 as in present law) would be eligible for disabled child's benefits should his parent die, become disabled or retire. The mother of the child would also be eligible for benefits so long as she continued to have the child in her care. Effective as to benefits for the second month following the month of enactment, an estimated 20,000 persons—disabled children and their mothers—will become immediately eligible for benefits as a result of this change.

(iv) Facilitating disability determinations: The bill authorizes the Secretary to make determinations of disability or cessation of disability where medical and other information supplied or designated by the individual, or evidence of remunerative work activities, indicate clearly that the individual is under a disability or that the disability has ceased.

(v) Rehabilitation services: The bill provides for reimbursement from the social security trust funds to State vocational rehabilitation agencies for the cost of rehabilitation services furnished to individuals who are entitled to disability insurance benefits or to a disabled child's benefits. The total amount of the funds that could be made available from the trust funds for purposes of reimbursing State agencies for such services could not, in any year, exceed 1 percent of the social security disability benefits paid in the previous year.

(vi) Entitlement to disability benefits after entitlement to benefits payable on account of age: Under the bill, a person who becomes entitled before age 65 to a benefit payable on account of old age could later, before he reaches age 65, become entitled to disability insurance benefits.

(vii) Allocation of contribution income between OASI and DI trust funds: Under the bill, an additional 0.2 percent of taxable wages and 0.15 percent of taxable self-employment income would be allocated to the disability insurance trust fund, bringing the total allocation to 0.70 percent and 0.525 percent, respectively, beginning in 1966.

(e) Benefits to certain persons at age 72 or over: The committee's bill adopts a provision approved by the House and Senate last year, which would liberalize the eligibility requirements by providing a basic benefit of $35 at age 72 or over to certain persons with a minimum of three quarters of coverage acquired at any time since the beginning of the program in 1937. To accomplish this, a new concept of "transitional insured status" is provided. Present law requires a minimum of six quarters of coverage in employment or self-employment.

(i) Men and women workers: Under the "transitional insured status" provision a worker could qualify for benefits at age 72 if he had one quarter of coverage for each year that elapsed after 1950 and up to the year in which he reached age 65 (62 for women), with a minimum of three quarters. Those quarters could have been acquired at any time since the inception of the program in 1937. Wives of workers who qualify under this provision would be eligible for benefits if they reached age 72 before 1969. For workers who reached age 65 (62 for women) after 1956, the quarters of coverage requirement merges with the present minimum requirement of six quarters.

The following table illustrates the operation of the "transitional insured status" provision for workers:

*Transitional insured status requirements with respect to workers benefits*

| | *Quarters of coverage required* |
|---|---|
| Age (in 1965) (men): | |
| 76 or over | 3. |
| 75 | 4. |
| 74 | 5. |
| 73 or younger | 6 or more. |
| Age (in 1965) (women): | |
| 73 or over | 3. |
| 72 | 4. |
| 71 [1] | 5. |
| 70 or younger | 6 or more. |

[1] Benefits will not be payable, however, until age 72.

(ii) Widows: Any widow who attains age 71 in or before 1965, if her husband died or reached age 65 in 1954 or earlier, could get a widow's benefit when she is aged 72 or over if her husband had at least three quarters of coverage. Present law requires six quarters. If the husband of such a widow died or reached 65 in 1955, the requirement would be four quarters. If he died or reached 65 in 1956, the requirement would be five quarters. If he died or reached 65 in 1957 or later, the minimum requirement would be six quarters or more, the same as present law.

For widows reaching age 72 in 1967 and 1968, there is a "grading-in" of the quarters of coverage requirement; which would be four or five quarters of coverage respectively. Widows reaching age 72 in 1969 or after would be subject to the requirements of existing law of six or more quarters of coverage.

The table below sets forth the requirements as to widows:

*Transitional insured status requirements with respect to widow's benefits*

| Year of husband's death (or attainment of age 65, if earlier) | Present quarters required | Proposed quarters required for widow attaining age 72 in— | | |
|---|---|---|---|---|
| | | 1966 or before | 1967 | 1968 |
| 1954 or before | 6 | 3 | 4 | 5. |
| 1955 | 6 | 4 | 4 | 5. |
| 1956 | 6 | 5 | 5 | 5. |
| 1957 or after | 6 or more | 6 or more | 6 or more | 6 or more. |

(iii) Basic benefits: Men and women workers who would be eligible under the above-described provisions for workers would receive a basic benefit of $35 a month. A wife who is aged 72 or over (and who attains that age before 1969) would receive one-half of this amount, $17.50. No other dependents' basic benefits would be provided under these provisions.

Widows would receive $35 a month under the above-described provision.

These provisions would become effective for the second month after the month of enactment, at which time an estimated 355,000 people would be able to start receiving benefits.

(f) Retirement test:

The bill would liberalize the retirement test provision in present law under which benefits are decreased in relation to a beneficiary's earnings over $1,200 in a year. Under existing law, the first $1,200 a year is fully exempted, and there is a $1 reduction in benefits for each $2 of annual earnings between $1,200 and $1,700 and for each $1 of earnings thereafter. Under the bill, the first $1,800 a year would be fully exempted and there would be a $1 reduction in benefits for each $2 of earnings between $1,800 and $3,000 and for each $1 of earnings thereafter. In addition, the amount of earnings a beneficiary may have in a month and get full benefits for that month regardless of his annual earnings would be raised from $100 to $150. These changes are effective for taxable years ending after 1965.

The bill also exempts certain royalties received in or after the year in which a

person reaches age 65, from copyrights and patents obtained before age 65, from being counted as earnings for purposes of the retirement test, effective for taxable years beginning after 1964.

For 1966, an estimated 850,000 persons—workers and dependents—either will receive more benefits under these provisions than they would receive under present law, or will receive some benefits where they would receive no benefits under present law.

(g) Wife's and widow's benefits for divorced women: The committee's bill would authorize payments of wife's or widow's benefits to the divorced wife of a retired, deceased, or disabled worker if she had been married to the worker for at least 20 years before the date of the divorce and if her divorced husband was making (or was obligated by a court to make) a substantial contribution to her support when he became entitled to benefits, became disabled, or died. H.R. 6675 would also provide that a wife's benefits would not terminate when the woman and her husband are divorced if the marriage has been in effect for 20 years. Provision is also made for the reestablishment of benefit rights for a divorced wife, a widow, or a surviving divorced wife who remarries and the subsequent marriage ends in divorce, annulment, or in the death of the husband. These changes are effective for the second month following the month of enactment.

(h) Continuation of widow's and widower's insurance benefits after remarriage: Under present law, a widow's and widower's benefits based on a deceased worker's social security earnings record generally stop when the survivor remarries, with the result that some widows who would like to remarry do not do so because if they did they would lose their social security benefits. The bill provides that benefits would be payable to widows age 60 or over and to widowers age 62 or over who remarry. The amount of the remarried widow's or widower's benefit would be equal to 50 percent of the primary insurance amount of the deceased spouse rather than 82½ percent of that amount, which is payable to widows and widowers who are not remarried.

(i) Adoption of child by retired worker: The bill would change the provisions relating to the payment of benefits to children who are adopted by old-age insurance beneficiaries to require that, where the child is adopted after the worker becomes entitled to an old-age benefit, (1) the child must be living with the worker (or adoption proceedings have begun) in or before the month when application for old-age benefits is filed; (2) the child must be receiving one-half of his support for the entire year before the worker's entitlement; and (3) the adoption must be completed within 2 years after the worker's entitlement.

(j) Definition of child: The bill provides that a child be paid benefits based on his father's earnings without regard to whether he has the status of a child under State inheritance laws if the father was supporting the child or had a legal obligation to do so. Under present law, whether a child meets the definition for the purpose of getting child's insurance benefits based on his father's earnings depends on the laws applied in determining the devolution of interstate personal property in the State in which the worker is domiciled. This provision would be effective for the second month after the month of enactment. It is estimated that 20,000 individuals (children and their mothers) will become immediately eligible for benefits under this provision.

*2. Coverage changes*

The following coverage provisions were included:

(a) Physicians and interns: Self-employed physicians would be covered for taxable years ending on or after December 31, 1965. Interns would be covered beginning on January 1, 1966.

(b) Farmers: Provisions of existing law with respect to the coverage of farmers would be amended to provide that farm operators whose annual gross earnings are $2,400 or less (instead of $1,800 or less as in existing law) can report either their actual net earnings or 66⅔ percent (as in present law) of their gross earnings. Farmers whose annual gross earnings are over $2,400 would report their actual net earnings if over $1,600, but if actual net earnings are less than $1,600, they may instead report $1,600. (Present law provides that farmers whose annual gross earnings are over $1,800 report their actual net earnings if over $1,200, but if actual net earnings are less than $1,200, they may report $1,200.)

(c) Cash tips: The bill provides that cash tips received by a worker would be covered as self-employment income. Effective as to taxable years beginning after December 31, 1965.

(d) State and local government employees: Several changes made by the bill would facilitate social security coverage of additional employees of State and local governments.

(e) Exemption of certain religious sects: Members of certain religious sects who have conscientious objections to insurance (including social security) by reason of their adherence to the established tenets or teachings of such sects could be exempt from the social security tax on self-employment income upon application accompanied by a waiver of benefit rights.

(f) Nonprofit organizations: Nonprofit organizations, and their employees who concur, could elect social security coverage effective retroactively for a period up to 5 years (rather than 1 year, as under present law). Also, wage credit could be given for the earnings of certain employees of nonprofit organizations who were erroneously reported for social security purposes.

(g) District of Columbia employees: The bill provides for social security coverage of certain employees of the District of Columbia (primarily substitute schoolteachers).

(h) Ministers: Social security credit could be obtained for the earnings of certain ministers which were reported but which cannot be credited under present law.

*3. Miscellaneous*

(a) Filing of proof: The bill extends indefinitely the period of filing of proof of support for dependent husband's, widower's, and parent's benefits, and for filing application for lump-sum death payments where good cause exists for failure to file within the initial 2-year period.

(b) Automatic recomputation of benefits: Under the bill the benefits of people on the rolls would be recomputed automatically each year to take account of any covered earnings that the worker might have had in the previous year and that would increase his benefit amount. Under existing law there are various requirements that must be met in order to have benefits recomputed, including filing of an application and earnings of over $1,200 a year after entitlement.

(c) Military wage credits: The bill revises the present provision authorizing reimbursement of the trust funds out of general revenue for gratuitous social security wage credits for servicemen so that such payments will be spread uniformly over the next 50 years.

(d) Extension of life of applications: The bill liberalizes the requirement in existing law that an application for monthly insurance benefits be valid for only 3 months after the date of filing, and for disability benefits 3 months before the beginning of the waiting period. The bill would allow an application to remain valid up until the time the Secretary makes a final decision on the application.

(e) Overpayments and underpayments: The bill would make changes in the provisions of law relating to overpayments and underpayments to facilitate the recovery of overpayments and to provide specific authority, lacking in present law, for the Secretary to settle all underpayments of benefits.

(f) Authorization for one spouse to cash a joint check: The bill would authorize the Secretary to make a temporary overpayment so as to permit a surviving spouse to cash a benefit check issued jointly to a husband and wife if one of them dies before the check is negotiated; any overpayment resulting from the cashing of the joint check would be recovered.

(g) Attorney's fees: The bill incorporates a provision which would permit a court that renders a judgment favorable to a claimant in an action arising under the social security program to set a reasonable fee (not in excess of 25 percent of past due benefits which become payable by reason of the judgment) for an attorney who successfully represented the claimant. The Secretary would be permitted to certify payment of the fee to the attorney out of such past due benefits.

(h) Tax on certain corporations: The bill provides that when an employee works for a corporation which is a member of an affiliated group of corporations and is then transferred to another corporation which is a member of such group, the total employer social security tax payable by the two corporations for the years in which the employee is transferred will not exceed the amount that would be paid by a single corporation. (Under present law, such treatment is provided for the employee.)

(i) Waiver of 1-year marriage requirement: The bill provides an exception to the 1-year duration requirement as to social security benefits for any widow, wife, husband, or widower who was, in the month before marriage, actually or potentially entitled to railroad retirement benefits as a widow, widower, parent, or disabled adult child.

*4. Financing of OASDI amendments*

The benefit provisions of H.R. 6675 are financed by (1) an increase in the earnings base from $4,800 to $6,600 effective January 1, 1966, and (2) a revised tax rate schedule.

The tax rate schedule under existing law and the revised schedule provided by the House-passed bill and by the committee's bill for the OASDI program follow:

| Year | Contribution rates (in percent) | | | | | |
|---|---|---|---|---|---|---|
| | Employer and employee, each | | | Self-employed | | |
| | Present law | House-approved bill | Committee bill | Present law | House-approved bill | Committee bill |
| 1965 | 3.625 | 3.625 | 3.625 | 5.4 | 5.4 | 5.4 |
| 1966–67 | 4.125 | 4.0 | 3.85 | 6.2 | 6.0 | 5.8 |
| 1968 | 4.625 | 4.0 | 3.85 | 6.9 | 6.0 | 5.8 |
| 1969–72 | 4.625 | 4.4 | 4.45 | 6.9 | 6.6 | 6.7 |
| 1973 and after | 4.625 | 4.8 | 4.9 | 6.9 | 7.0 | 7.0 |

*5. Additional benefit payments in first full year, 1966*

[In millions]

| | |
|---|---|
| 7-percent benefit increase ($4 minimum in primary benefit) | $1,470 |
| Modification of earnings test | 590 |
| Reduced benefits for widows at age 60 | 165 |
| Benefits to persons aged 72 and over with limited periods in OASDI employment | 140 |
| Modification of definition of disability | 40 |
| Total | 2,405 |
| Child's benefits to age 22 of in school | 195 |
| Benefits for children disabled after age 18 and before age 22 | 10 |
| Broadened definition of child | 10 |
| Improvements in benefits for children, total | 215 |
| Total | 2,620 |

D. PUBLIC ASSISTANCE AMENDMENTS

*1. Increased assistance payments*

The Federal share of payments under all State public assistance programs is increased a little more than an average of $2.50 a month for the needy aged, blind, and disabled and an average of about $1.25 for needy children, effective January 1, 1966. This is brought about by revising the matching formula for the needy aged, blind, and disabled (and for the adult categories in title XVI) to provide a Federal share of $31 out of the first $37 (now twenty-nine thirty-fifths (29/35) of the first $35) up to a maximum of $75 (now $70) per month per individual on an average basis. The matching formula is revised for aid to families with dependent children so as to provide a Federal share of five-sixths (5/6) of the first $18 (now fourteen-seventeeths (14/17) of the first $17) up to a maximum of $32 (now $30). A provision is included so that States will not receive additional Federal funds except to the extent they pass them on to individual recipients.

Effective January 1, 1966. Cost: About $150 million a year.

*2. Tubercular and mental patients*

The House bill removed the exclusion from Federal matching in old-age assistance and medical assistance for the aged programs (and for combined program, title XVI) as to aged individuals who are patients in institutions for tuberculosis or mental diseases or who have been diagnosed as having tuberculosis or psychosis and, as a result, are patients in a medical institution. The House bill requires as a condition of Federal participation in such payments to, or for, patients in mental and tuberculosis hospitals certain agreements and arrangements to assure that better care results from the additional Federal money. The committee has amended this provision so as to make the special provisions for Federal participation applicable solely to payments for aged persons in mental institutions. The States will receive additional Federal funds under this provision only to the extent they increase their expenditures for mental health purposes under public health and public welfare programs. The bill also removes restrictions as to Federal matching for needy blind and disabled who are tubercular or psychotic and are in general medical institutions.

Effective January 1, 1966. Cost: About $75 million a year.

*3. Aid to families with dependent children in school*

The committee bill extends the optional provision of the States to continue making payments to dependent children who have attained age 18 but continue in school up to age 21. Present law calls for regular attendance at a high school or vocational school. The committee bill would extend this to attendance at a college or university.

Effective after enactment. Cost: Negligible.

*4. Protective payments to third persons*

The House bill included a provision for protective payments to third persons on behalf of old-age assistance recipients (and recipients on combined adult program, title XVI) unable to manage their money because of physical or mental incapacity. The committee bill would extend the same provision for protective payments to the programs of aid to the blind and aid to the permanently and totally disabled.

Effective January 1, 1966.

*5. Income exemptions under public assistance*

(a) Old-age assistance: The committee's bill increases earnings exemption under the old-age assistance program (and aged in combined program) so that a State may, at its option, exempt the first $20 (now $10) and one-half of the next $60 (now $40) of a recipient's monthly earnings.

Effective January 1, 1966. Cost: About $1 million first year.

(b) Aid to families with dependent children: The committee has added an amendment which allows the State, at its option, to disregard up to $50 per month of earned income of any three dependent children under the age of 18 in the same home.

Effective July 1, 1965. Cost: $1.3 million for first full year of operation.

(c) Aid to permanently and totally disabled: The committee bill adds an exemption of earnings, at the option of the State, for recipients of aid to the permanently and totally disabled. As in the case of the aged, the first $20 per month of earnings and one-half of the next $60 could be exempted. In addition, any additional income and resources could be exempted as part of an approved plan to achieve self-support during the time the recipient was undergoing vocational rehabilitation.

(d) Old-age and survivors insurance (retroactive increase): The bill adds a provision which would allow the States to disregard so much of the OASDI benefit increase (including the children in school after 18 modification) as is attributable to its retroactive effective date.

(e) Economic Opportunity Act earning exemption: H.R. 6675 also provides a grace period for action by States that have not had regular legislative sessions, whose public assistance statutes now prevent them from disregarding earnings of recipients received under titles I and II of the Economic Opportunity Act.

(f) Income exempt under another assistance program: The committee bill adds a provision that any amount of income which is disregarded in determining eligibility for a person under one of the public assistance programs shall not be considered in determining the eligibility of another individual under any other public assistance program.

*6. Definition of medical assistance for aged*

H.R. 6675 modifies the definition of medical assistance for the aged so as to allow Federal sharing as to old-age assistance recipients for the month they are admitted to or discharged from a medical institution.

Effective July 1, 1965. Cost: About $2 million.

*7. Judicial review of State plan denials*

The House bill provides for judicial review of the denial of approval by the Secretary of Health, Education, and Welfare of State public assistance plans and of his action under such programs or noncompliance with State plan conditions in the Federal law. The committee bill would add an amendment setting a time limit on the Secretary's calling of a hearing and substitutes language providing the more traditional terminology as to the "substantial evidence rule."

E. MISCELLANEOUS PROVISIONS

*1. Optometrists*

The committee has added a provision which will be effective as to all titles of the Social Security Act so that it will be clear that whenever payment is authorized for services which an optometrist is licensed to perform, the beneficiary shall have the freedom to obtain the services of either a physician skilled in diseases of the eye or an optometrist, whichever he may select.

Mr. LONG of Louisiana. Mr. President, the measure before the Senate is the last major bill that has been referred thus far this year to the Senate Committee on Finance. The House has about three other important legislative recommendations which should come to the committee some time within the next couple of weeks, and the committee shall act expeditiously on those measures at that time.

The Senate Committee on Finance has done its best to consider every recommendation made to us by Senators and by the executive branch of the Government. We are anxious to pass the pending bill as our contribution toward an early adjournment of the Senate. I certainly hope that Senators who wish to discuss the bill and express general views on the subject will do so today. The bill has been the pending business since we recessed for the Fourth of July holiday. I hope that Senators will deliver their speeches on the general subject today, if possible, and I hope we shall proceed to vote on the amendments to the measure tomorrow.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. JAVITS. I have a number of amendments that I wish to offer to the bill. One is an extremely technical amendment. I shall not take the Senator's time with that. One is on the coverage of tips; another is on the question of prescription drugs. The Senator has stated that the committee has considered the recommendations of Senators. Could the Senator give me the rationale by which the committee turned down the House provision with respect to tip coverage and chose, instead, to provide that tips shall be considered self-employed income, with the individual worker to pay the whole social security tax?

Mr. LONG of Louisiana. I have said a number of times that it is the view of establishments where tips are paid that they should not be held accountable for income which they neither pay nor receive. Theoretically, half of the social security tax due on the tips should be imposed on the one who pays the tip, the customer to whom the tipped employee renders a service.

Restaurant and hotel people, and others who would be directly concerned, are, as the Senator knows, strongly opposed to being held responsible for collecting social security taxes on money they do not see, money which they neither pay nor receive. The committee felt that perhaps the best method would be to let the employee who receives the tip report it and pay the income tax which it is his duty to pay, and also to pay a social security tax on it.

In that case, he would be regarded as self-employed, so he would pay 1½ percent. That is not too bad a deal, so far as the employees affected are concerned, because in many instances they do not report tips, even though an effort is being made by both the employer and the Government to get them to report tips.

If they are thinking only about the social security coverage, they will be much more desirous of reporting tips in later years, when they are trying to build up their high-year coverage, than they would be, perhaps, in earlier years.

It seemed to the committee that this was about the best suggestion we could make to resolve this difficult problem. If the Senate committee amendment is agreed to, it will be in conference between the House and Senate.

Mr. JAVITS. I know that the establishments are against it, but the workers are for it, and the reason is that in the positions for which they are hired there is always taken into account the fact that they will receive tips. So although the employer may not actually handle the money, he is benefited by the fact that an employee receives tips, and thus he pays the employee that much less.

Normally, an employee is paid whatever is the State minimum wage. Probably we shall cover that in the Federal minimum wage now, as the administration requests. But up to now, it has been the State minimum wage. No adult who is a waiter, waitress, or counter employee, will work for that wage, and the employer and the employees know that the employees will be tipped. The privilege of receiving tips is a part of the condition of being able to work in that kind of establishment.

Mr. LONG of Louisiana. I know that union leaders, who speak for a great number of these workers, unanimously recommend that the social security tax be collected on tips from both employers and employees. Their position is supported by the administration. However, I have yet to have a waiter come to me and ask to have the social security tax imposed on his tips. That has not happened. That has not been requested of me.

Many waiters simply do not report their tips because they do not want to pay an income tax on them.

The provision as recommended by the House is such that it is still necessary to take a man's word that he will tell his employer how much he has collected in tips, and on that basis he would pay a tax on the tips.

Mr. JAVITS. In the city of New York, hundreds of restaurant employees have come to me to discuss this subject. They are adult and understanding Americans. They know that they will expose their earnings when they do anything about social security, and that they will then be liable for income tax. But they want to do that. They are perfectly willing to regularize their whole situation. So the majority of them are persuaded that they will be better off by amending their own situation and in that way facing it realistically. I shall bring it up. I was merely interested in knowing what was the rationale. I think I have it now.

Mr. LONG of Louisiana. If the committee provision is sustained by the Senate, it will nevertheless be in conference between the Senate and the House. The House provision is that being advocated by the Senator from New York. The Committee on Finance suggests that we look upon tips as earnings from self-employment. In either event, all those who desire social security coverage will have the benefit of it.

An argument can be made in this case for the self-employed approach on the basis that the amount of social security coverage that the employee receives is almost completely within his own control. The employee can have the lowest 5 years of his wage earnings disregarded completely, so that he can pay on the maximum amount, assuming that his tips were high during the years he wishes to have counted, and pay a very low amount, if any at all, on the years he does not want counted.

But over a period of time, better ways and methods will be devised to ascertain how much such employees make on tips, and we shall be better able to use computers and other devices available to keep up with all the intricate details of both income tax collection and social security tax collection on tips. I have no doubt we shall be able to improve on this system.

Mr. JAVITS. It is not quite so open a proposition as all that. There are some reliable checks that can be made on information based upon the number of sales checks used by each employee. The Treasury Department has used them.

It is significant that labor unions and the people themselves, in large numbers, are perfectly willing to pay the taxes and desire to have social security coverage.

Do I correctly understand that the Senator has not yet asked for the adoption of the committee amendments?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and regarded as original text, reserving to every Senator the right to amend the bill both in the first and second degrees.

Mr. JAVITS. I shall object to that so far as the request relates to section 313 of the bill, which deals with the coverage of tips under social security, because I may wish to raise this question directly on the committee amendment. So if the Senator from Louisiana would be kind enough to exclude that much of the bill as it relates to this question, I certainly would have no objection.

Mr. LONG of Louisiana. The Senator from New York can still offer the amendment as his own at any time.

Mr. JAVITS. I prefer to keep that open. If I should decide that I shall declare it affirmatively, I shall notify the Senator.

Mr. LONG of Louisiana. Mr. President, I wish to modify my request that all the committee amendments, except the amendment to section 313, appearing on page 268, after line 2, relating to the coverage of tips be agreed to en bloc and regarded as original text for the purpose of further amendment.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are as follows:

At the top of page 2, strike out the table of contents, as follows:

"TABLE OF CONTENTS

"TITLE I—HEALTH INSURANCE FOR THE AGED AND MEDICAL ASSISTANCE

"Sec. 100. Short title.

"Part I—Health Insurance Benefits for the Aged

"Sec. 101. Entitlement to hospital insurance benefits.

"Sec. 102. Hospital insurance benefits and supplementary health insurance benefits.

"TITLE XVIII—HEALTH INSURANCE FOR THE AGED

"Sec. 1801. Prohibition against any Federal interference.

"Sec. 1802. Free choice by patient guaranteed.

"Sec. 1803. Option to individuals to obtain other health insurance protection.

"Part A—Hospital Insurance Benefits for the Aged

"Sec. 1811. Description of program.

"Sec. 1812. Scope of benefits.

"Sec. 1813. Deductibles.

"Sec. 1814. Conditions of and limitations on payment for services.

"(a) Requirement of requests and certifications.

"(b) Reasonable cost of services.

"(c) No payments to Federal providers of services.

"(d) Payments for emergency hospital services.

"(e) Payment for inpatient hospital services prior to notification of noneligibility.

"Sec. 1815. Payment to providers of services.

"Sec. 1816. Use of public agencies or private organizations to facilitate payment to providers of services.

"Sec. 1817. Federal hospital insurance trust fund.

"Part B—Supplementary Health Insurance Benefit for the Aged

"Sec. 1831. Establishment of supplementary health insurance program for the aged.

"Sec. 1832. Scope of benefits.

"Sec. 1833. Payment of benefits.

"Sec. 1834. Duration of services.

"Sec. 1835. Procedure for payment of claims of providers of services.

"Sec. 1836. Eligible individuals.

"Sec. 1837. Enrollment periods.

"Sec. 1838. Coverage period.

"Sec. 1839. Amounts of premiums.

"Sec. 1840. Payment of premiums.

"Sec. 1841. Federal supplementary health insurance benefits trust fund.

"Sec. 1842. Use of carriers for administration of benefits.

"Sec. 1843. State agreements for coverage of eligible individuals who are receiving money payments under public assistance programs.

"Sec. 1844. Appropriations to cover Government contributions and contingency reserves.

"Part C—Miscellaneous provisions
"Sec. 1861. Definitions of services, institutions, etc.
"(a) Spell of illness.
"(b) Inpatient hospital services.
"(c) Inpatient psychiatric hospital services.
"(d) Inpatient tuberculosis hospital services.
"(e) Hospital.
"(f) Psychiatric hospital.
"(g) Tuberculosis hospital.
"(h) Extended care services.
"(i) Post-hospital extended care services.
"(j) Extended care facility.
"(k) Utilization review.
"(l) Agreements for transfer between extended care facilities and hospitals.
"(m) Home health services.
"(n) Post-hospital home health services.
"(o) Home health agency.
"(p) Outpatient hospital diagnostic services.
"(q) Physicians' services.
"(r) Physicians.
"(s) Medical and other health services.
"(t) Drugs and biologicals.
"(u) Provider or services.
"(v) Reasonable cost.
"(w) Arrangements for certain services.
"(x) State and United States.
"Sec. 1862. Exclusions from coverage.
"Sec. 1863. Consultation with State agencies and other organizations to develop conditions of participation for providers of services.
"Sec. 1864. Use of State agencies to determine compliance by providers of services with conditions of participation.
"Sec. 1865. Effect of accreditation.
"Sec. 1866. Agreements with providers of services.
"Sec. 1867. Health insurance benefits advisory council.
"Sec. 1868. National medical review committee.
"Sec. 1869. Determinations; appeals.
"Sec. 1870. Overpayments on behalf of individuals.
"Sec. 1871. Regulations.
"Sec. 1872. Application of certain provisions of title II.
"Sec. 1873. Designation of organization or publication by name.
"Sec. 1874. Administration.
"Sec. 1875. Studies and recommendations.
"Sec. 103. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.
"Sec. 104. Suspension in case of aliens; persons convicted of subversive activities.
"Sec. 105. Railroad retirement amendments.
"Sec. 106. Medical expense deduction.
"Sec. 107. Receipts for employees must show taxes separately.
"Sec. 108. Technical and administrative amendments relating to trust funds.
"Sec. 109. Advisory council on social security.
"Sec. 110. Meaning of term 'Secretary.'
"Part 2—Grants to States for medical assistance programs
"Sec. 121. Establishment of programs.
TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS
"Sec. 1901. Appropriation.
"Sec. 1902. State plans for medical assistance.
"Sec. 1903. Payment to States.
"Sec. 1904. Operation of State plans.
"Sec. 1905. Definitions.
"Sec. 122. Payment by States of premiums for supplementary health insurance.
"TITLE II—OTHER AMENDMENTS RELATING TO HEALTH CARE
"Part 1—Maternal and child health and crippled children's services
"Sec. 201. Increase in maternal and child health services.
"Sec. 202. Increase in crippled children's services.
"Sec. 203. Training of professional personnel for the care of crippled children.
"Sec. 204. Payment for inpatient hospital services.
"Sec. 205. Special project grants for health of school and preschool children.
"Sec. 206. Evaluation and report.
"Part 2—Implementation of mental retardation planning
"Sec. 211. Authorization of appropriations.
"Part 3 Public assistance amendments relating to health care
"Sec. 221. Removal of limitations on Federal participation in assistance to aged individuals with tuberculosis or mental disease.
"Sec. 222. Amendment to definition of medical assistance for the aged.
"TITLE III SOCIAL SECURITY AMENDMENTS
"Sec. 300. Short title.
"Sec. 301. Increase in old age, survivors, and disability insurance benefits.
"Sec. 302. Computation and recomputation of benefits.
"Sec. 303. Disability insurance benefits.
"Sec. 304. Payment of disability insurance benefits after entitlement to other monthly insurance benefits.
"Sec. 305. Disability insurance trust fund.
"Sec. 306. Payment of child's insurance benefits after attainment of age 18 in case of child attending school.
"Sec. 307. Reduced benefits for widows at age 60.
"Sec. 308. Wife's and widow's benefits for divorced women.
"Sec. 309. Transitional insured status.
"Sec. 310. Increase in amount an individual is permitted to earn without suffering full deductions from benefits.
"Sec. 311. Coverage for doctors of medicine.
"Sec. 312. Gross income of farmers.
"Sec. 313. Coverage of tips.
"Sec. 314. Inclusion of Alaska and Kentucky among States permitted to divide their retirement systems.
"Sec. 315. Additional period for electing coverage under divided retirement system.
"Sec. 316. Employees of nonprofit organizations.
"Sec. 317. Coverage of temporary employees of the District of Columbia.
"Sec. 318. Coverage for certain additional hospital employees in California.
"Sec. 319. Tax exemption for religious groups opposed to insurance.
"Sec. 320. Increase of earnings counted for benefits and tax purposes.
"Sec. 321. Changes in tax schedules.
"Sec. 322. Reimbursement of trust funds for cost of noncontributory military service credits.
"Sec. 323. Adoption of child by retired worker.
"Sec. 324. Extension of period for filing proof of support and applications for lump sum death payment.
"Sec. 325. Treatment of certain royalties for retirement test purposes.
"Sec. 326. Amendments preserving relationship between railroad retirement and old age, survivors, and disability insurance systems.
"Sec. 327. Technical amendment relating to meetings of board of trustees of the old age, survivors, and disability insurance trust funds.
"TITLE IV—PUBLIC ASSISTANCE AMENDMENTS
"Sec. 401. Increased Federal payments under public assistance titles of the Social Security Act.
"Sec. 402. Protective payments.
"Sec. 403. Disregarding certain earnings in determining need under assistance programs for the aged.
"Sec. 404. Administrative and judicial review of public assistance determinations.
"Sec. 405. Maintenance of State public assistance expenditures.
"Sec. 406. Disregarding OASDI benefit increase, and child's insurance benefit payments beyond age 18, to the extent attributable to retroactive effective date.
"Sec. 407. Extension of grace period for disregarding certain income for States where legislature has not met in regular session.
"Sec. 408. Technical amendments to eliminate public assistance provisions which become obsolete in 1967."

And, in lieu thereof, to insert:

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"Sec. 101. Entitlement to hospital insurance benefits.
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"Part C—Miscellaneous provisions

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"(q) Physicians' services.
"(r) Physician.
"(s) Medical and other health services.
"(t) Drugs and biologicals.
"(u) Provider of services.
"(v) Reasonable cost.
"(w) Arrangements for certain services.
"(x) State and United States.
"(y) Chiropractors' and podiatrists' services.
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"Sec. 109. Advisory council on social security.
"Sec. 110. Meaning of term "Secretary".
"Sec. 111. Administration of hospital insurance for the aged by the Railroad Retirement Board.
"Sec. 112. Additional Under Secretary and Assistant Secretaries of Health, Education, and Welfare.

"Part 2—Grants to States for medical assistance programs

"Sec. 121. Establishment of programs.
*"Title XIX—Grants to States for medical assistance programs*
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"Sec. 206. Evaluation and report.
"Sec. 207. Increase in child welfare services.
"Sec. 208. Day care services.

"Part 2—Implementation of mental retardation planning

"Sec. 211. Authorization of appropriations.

"Part 3—Public assistance amendments relating to health care

"Sec. 221. Removal of limitations on Federal participation in assistance to individuals with tuberculosis or mental disease.
"Sec. 222. Amendment to definition of medical assistance for the aged.

"Part 4—Miscellaneous amendments relating to health care

"Sec. 231. Health study of resources relating to children's emotional illness.

*"Title III—Social security amendments*

"Sec. 300. Short title.
"Sec. 301. Increase in old age, survivors, and disability insurance benefits.
"Sec. 302. Computation and recomputation of benefits.
"Sec. 303. Disability insurance benefits.
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"Sec. 313. Coverage of tips.
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"Sec. 328. Applications for benefits.
"Sec. 329. Overpayments and underpayments.
"Sec. 330. Payments to two or more individuals of the same family.
"Sec. 331. Validating certificates filed by ministers.
"Sec. 332. Determination of attorney's fees in court proceedings under title II.
"Sec. 333. Continuation of widow's and widower's insurance benefits after remarriage.
"Sec. 334. Changes in definition of wife, widow, husband, and widower.
"Sec. 335. Reduction of benefits on receipt of workmen's compensation.
"Sec. 336. Facilitating disability determinations.
"Sec. 337. Payment of costs of rehabilitation services from the trust funds.
"Sec. 338. Teachers in the State of Maine.
"Sec. 339. Modification of agreement with North Dakota and Iowa with respect to certain students.
"Sec. 340. Qualification of children not qualified under State law.
"Sec. 341. Employees of members of affiliated group of corporations.

*"Title IV—Public assistance and miscellaneous amendments*

"Sec. 401. Increased Federal payments under public assistance titles of the Social Security Act.
"Sec. 402. Protective payments.
"Sec. 403. Disregarding certain earnings in determining need under assistance programs for the aged, blind, and disabled.
"Sec. 404. Administrative and judicial review of public assistance determinations.

"Sec. 405. Maintenance of State public assistance expenditures.
"Sec. 406. Disregarding OASDI benefit increase, and child's insurance benefit payments beyond age 18, to the extent attributable to retroactive effective date.
"Sec. 407. Extension of grace period for disregarding certain income for States where legislature has not met in regular session.
"Sec. 408. Technical amendments relating to public assistance programs.
"Sec. 409. Optometrists' services.
"Sec. 410. Eligibility of children over age 18 attending school.
"Sec. 411. Disregarding certain earnings in determining need of certain dependent children."

On page 13, line 12, after the word "States", to insert "(or outside the United States in the case of inpatient hospital services furnished under the conditions described in section 1814(f))"; on page 15, in the headline in line 13, after the word "Supplementary", to strike out "Health" and insert "Medical"; on page 17, line 15, after the word "to", to strike out "60" and insert "120"; at the beginning of line 18, to strike out "20 days (or up to"; in the same line, after the word "days", to strike out "in certain circumstances)"; at the beginning of line 21, to strike out "100" and insert "175"; in the same line, after the word "during", strike out the word "the" and insert "any";

On page 18, line 3, after the word "not", to strike out "(subject to subsections (c) and (d))"; in line 5, after the word "services", to insert "(including inpatient psychiatric hospital services and inpatient tuberculosis hospital services)"; in line 8, after the word "for", to strike out "60" and insert "120"; in line 9, after the word "spell;", to strike out "or"; in line 12, after the word "for", to strike out "20" and insert "100"; in the same line, after the word "such", to strike out "spell." and insert "spell; or"; after line 13, to insert:

"(3) inpatient psychiatric hospital services furnished to him during his lifetime after such services have been furnished to him for a total of 210 days."

On page 18, after line 16, to strike out:

"(c) The 20 days provided by subsection (b)(2) shall be increased (but by not more than 80 days) by twice the number by which the days for which the individual has already been furnished inpatient hospital services in the spell of illness are less than 60. The individual may terminate the application of this subsection with respect to any day (and the remaining days in the spell of illness) by an election made at such time and in such manner as may be prescribed by regulations. If the number of days of post-hospital extended care services in the spell of illness has been increase pursuant to this subsection, a corresponding reduction (on the basis of one day of inpatient hospital services for each two days of post-hospital extended care services in excess of 20 plus, where the number of such days of post-hospital extended care services is an odd number, one day of inpatient hospital services) shall be made in the number or days allowable under subsection (b)(1) for the same spell of illness."

On page 19, at the beginning of line 9, to strike out "(d)" and insert "(c)"; in the same line, after the word "a", to insert "psychiatric hospital or a"; at the beginning of line 12, to strike out "60-day" and insert "120-day"; in line 13, after the word "the", to strike out "60-day" and insert "120-day"; in line 14, after "(1)" to insert "with respect to the spell of illness which includes such first day"; at the beginning of line 16, to strike out "(e)" and insert "(d)"; in line 18, after the word "during", to strike out "the" and insert "any"; in line 19, after the word "hospital", to insert "or extended care facility"; in line 21, after the word "first", to strike out "100" and insert "175"; in the same line, after the word "such", to strike out "period" and insert "periods and after the beginning of one spell of illness and before the beginning of the next"; on page 20, at the beginning of line 3, to strike out "(f)" and insert "(e)"; in the same line, after "(c)", to strike out "(d), and (e)" and insert "and (d)"; at the beginning of line 10, to strike out "(g)" and insert "(f)"; ine line 13, after "(1)", to strike out "Payment" and insert "The amount payable"; in line 16, after the word "hospital", to strike out "deductible; except that such deductible shall itself be reduced by any deduction imposed under paragraph (2) with respect to a diagnostic study by the same hospital which began before but did not end more than 20 days before the first day of such spell of illness or, if less, the charges imposed with respect to the individual for the out-patient hospital diagnostic services provided during such study" and insert "deductible or, if less, the charges imposed with respect to such individual for such services, except that, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed. Such amount shall be further reduced by a deduction equal to one-fourth of the inpatient hospital deductible for each day (before the 121st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; on page 21, line 7, after "(2)", to strike out "Payment" and insert "The amount payable"; in line 9, after the word "to", to insert "the sum of (A)"; in line 12, after the word "study", to insert "and (B) 20 per centum of the remainder of such amount"; in line 14, after the word "sentence", to strike out "and paragraph (1),"; in line 22, after "(3)", to strike out "Payment" and insert "The amount payable"; on page 22, after line 2, to insert:

"(4) The amount payable for post-hospital extended care services furnished an individual during any spell of illness shall be reduced by a deduction equal to one-eighth of the inpatient hospital deductible for each day (before the 121st day) on which he is furnished such services after such services have been furnished to him for 20 days during such spell."

In line 24, after the word "of", to strike out "$5" and insert "$4"; in line 25, after the word "of", to strike out "$5" and insert "$4"; on page 23, line 1, after the word "of", where it appears the first time, to strike out "$5" and insert "$4"; in the same line, after the word "of", where it appears the second time, to strike out "$5" and insert "$4"; on page 24, line 8, after the word "than", to insert "inpatient psychiatric hospital services and"; after line 14, to insert:

"(B) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or (ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;".

At the beginning of line 25, to strike out "(B)" and insert "(C)"; on page 25, at the beginning of line 8, to strike out "(C)" and insert "(D)"; at the beginning of line 23, to strike out "(D)" and insert "(E)"; on page 26, at the beginning of line 16, to strike out "(E)" and insert "(F)"; after line 18, to insert:

"(3) in the case of inpatient psychiatric hospital services, the services are those which the records of the hospital indicate were furnished to the individual during periods when he was receiving (A) intensive treatment services, (B) admission and related services necessary for a diagnostic study, or (C) equivalent services;".

At the beginning of line 25, to strike out "(3)" and insert "(4)"; on page 27, at the beginning of line 6, to strike out "(4)" and insert "(5)"; at the beginning of line 17, to strike out "(5)" and insert "(6)"; on page 28, line 9, after "(D),", to strike out "or (E)" and insert "(E), or (F)"; in line 16, after the word "part", to strike out "shall" and insert "shall, subject to the provisions of section 1813,"; on page 30, after line 14, to insert:

"Payment for Certain Emergency Hospital Services Furnished Outside the United States

"(f) The authority contained in subsection (d) shall be applicable to emergency inpatient hospital services furnished an individual by a hospital loacted outside the United States if—

"(1) such individual was physically present in a place within the United States at the time the emergency which necessitated such inpatient hospital services occurred; and

(2) such hospital was closer to, or substantially more accessible from, such place than the nearest hospital within the United States which was adequately equipped to deal with, and was available for the treatment of, such individual's illness or injury."

On page 33, at the beginning of line 1, to insert "(1); in the same line, after the word "finds", to strike out "(1)" and insert "(A)"; in line 2, after the word "part", to strike out "(2)" and insert "(B)"; in line 8, after the word "and", to strike out "(3)" and insert "(2)"; on page 35, after line 21, to insert:

"(3) No such agency or organization shall be liable to the United States for any payments to in paragraph (1) or (2)."

On page 38, line 6, after the word "each", to insert "calendar"; on page 41, line 6, after the word "Secretary", to insert "of Health, Education, and Welfare"; in line 8, after the word "the", to insert "Managing"; on page 42, in the heading in line 16, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the heading in line 18, after the word "Supplementary", to strike out "Health" and insert "Medical"; in line 21, after the word "provide", to strike out "health" and insert "medical"; on page 43, after line 6, to strike out:

"(1) entitlement to have payment made to him or on his behalf (subject to the provisions of this part) for—

"(A) physicians' services; and

"(B) medical and other health services, except those described in paragraph (2)(C); and"

And, in lieu thereof, to insert:

"(1) entitlement to have payment made to him or on his behalf (subject to the provisions of this part) for medical and other health services, except those described in paragraph (2)(B); and".

On page 43, after line 18, to strike out:

"(A) inpatient psychiatric hospital services for up to 60 days during a spell of illness;".

At the beginning of line 21, to strike out "(B)" and insert "(A)"; at the beginning of line 23, to strike out "(C)" and insert "(B)"; at the beginning of line 24, to insert "(other than physicians' services unless furnished by a resident or intern of a hospital or unless such services are in the field of pathology, radiology, physiatry, or anesthesiology)"; on page 44, line 12, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the same line, after the word "Insurance", to strike out "Benefits"; in line 19, after the word "services;", to strike out "and" and insert "except that an organization which provides medical and other health services (or arranges for their availability) on a prepayment basis may elect to be paid 80 percent of the reasonable cost of services for which pay-

ment may be made under this part on behalf of individuals enrolled in such organization in lieu of 80 percent of the reasonable charges for such services if the organization undertakes to charge such individuals no more than 20 percent of such reasonable cost plus any amounts payable by them as a result of subsection (b); and"; on page 45, line 19, after the word "preceding", to strike out "year" and insert "year, and except that the amount of any deductible imposed under section 1813(a)(2)(A) with respect to outpatient hospital diagnostic services furnished in any year shall be regarded as an incurred expense under this part for such year"; on page 46, after line 8, to strike out:

"(d) Notwithstanding any other provision of this part, expenses for whole blood furnished to an individual in a hospital shall be considered incurred expenses for purposes of subsections (a) and (b) only if he has already been furnished in the same spell of illness 3 pints of whole blood for which (except for this subsection or section 1813(a)(3)) payment would be made under this title."

At the beginning of line 16, to strike out "(e)" and insert "(d)"; in line 19, after "1813", to insert "other than subsection (a)(2)(A) thereof"; at the beginning of line 22, to strike out "(f)" and insert "(e)"; on page 47, line 4, after "Sec. 1834.", to strike out "(a)(1) Payment under this part for inpatient psychiatric hospital services furnished an individual during a spell of illness may not be made after such services have been furnished to him for 60 days during such spell; and no payment under this part for inpatient psychiatric hospital services furnished an individual may be made after such services have been furnished to him for a total of 180 days during his lifetime.

"(2) If an individual is an inpatient in a psychiatric hospital on the first day on which he is entitled to benefits under this part, the days in the 60-day period immediately before such first day on which he was an inpatient in such a hospital shall be included in determining the 60-day limit under paragraph (1) but not in determining the 180 day limit under such paragraph."; at the beginning of line 19, to strike out "(b)" and insert "(a)"; on page 48, at the beginning of line 3, to strike out "(c)" and insert "(b)"; in the same line, after the word "of", to strike out "subsections (a)(1) and (b), inpatient psychiatric hospital services and home" and insert "subsection (a), home"; in line 21, after the word "prescribe", to insert "and"; on page 49, line 2, after the word "by", to strike out "regulations, except that the first of such recertifications shall be required in each case of inpatient psychiatric hospital services not later than the 20th day of such period)" and insert "regulations)"; after line 5, to strike out:

"(A) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or (ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;".

At the beginning of line 16, to strike out "(B)" and insert "(A)"; in line 21, after the word "or", to strike out "because he needed"; on page 50, at the beginning of line 4, to strike out "(C)" and insert "(B)"; in line 6, to strike out "required;" and insert "required."; after line 6, to strike out:

"(3) in the case of inpatient psychiatric hospital services, the services are those which the records of the hospital indicate were furnished to the individual during periods when he was receiving (A) intensive treatment services, (B) admission and related services necessary for a diagnostic study, or (C) equivalent services;

"(4) with respect to inpatient psychiatric hospital services furnished to the individual after the 20th day of a continuous period of such services, there was not in effect, at the time of admission of such individual to the hospital, a decision under section 1866(d) (based on a finding that utilization review of long-stay cases is not being made in such hospital); and

"(5) with respect to inpatient psychiatric hospital services furnished to the individual during a continuous period, a finding has not been made (by the physician members of the committee or group, as described in section 1861(k)(4)) pursuant to the system of utilization review that further inpatient psychiatric hospital services are not medically necessary; except that, if such a finding has been made, payment may be made with respect to such services furnished before the 4th day after the day on which the hospital received notice of such finding.

On page 51, line 9, after the word "subparagraph", to strike out "(A), (B), or (C)" and insert "(A) or (B)"; after line 22, to strike out:

"(c) Notwithstanding that an individual is not entitled to have payment made under this part for inpatient psychiatric hospital services furnished by any psychiatric hospital, payment shall be made to such hospital (unless it elects not to receive such payment or, if payment has already been made by or on behalf of such individual, fails to refund such payment within the time specified by the Secretary) for such services which are furnished to the individual prior to notification to such hospital from the Secretary of his lack of entitlement, if such payments are precluded only by reason of section 1834 and if such hospital complies with the requirements of and regulations under this title with respect to such payments, has acted in good faith and without knowledge of such lack of entitlement, and has acted reasonably in assuming entitlement existed. Payment under the preceding sentence may not be made for services furnished an individual pursuant to any admission after the 6th elapsed day (not including as an elapsed day Saturday, Sunday, or a legal holiday) after the day on which such admission occurred."

On page 52, line 21, after the word "is", where it appears the second time, to strike out "either" and insert "(A)"; in line 22, after the word "or", to insert "(B)"; in line 23, after the word "residence", to insert "who has resided in the United States continuously during the 10 years immediately preceding the month in which he applies for enrollment under this part,"; on page 53, line 22, after the word "before", to strike out "January 1," and insert "July 1,"; in line 24, after the word "on", to strike out "the first day of the second month which begins after the date of enactment of this title and shall end on March 31, 1966" and insert "April 1, 1966, and shall end on September 30, 1966"; on page 54, line 5, after the word "after", to strike out "January 1" and insert "July 1"; at the beginning of line 13, to strike out "odd-numbered" and insert "even-numbered"; in the same line, after the word "with", to strike out "1967" and insert "1968"; in line 20, after "(1)", to strike out "July 1, 1966" and insert "January 1, 1967"; after line 20, to strike out:

"(2) the first day of the third month following the month in which he enrolls pursuant to subsection (d) of section 1837, or the July 1 following the month in which he enrolls pursuant to subsection (c) of section 1837.

And, in lieu thereof, to insert:

"(2)(A) in the case of an individual who enrolls pursuant to subsection (d) of section 1837 before the month in which he first satisfies paragraphs (1) and (2) of section 1836, the first day of such month, or

"(B) in the case of an individual who enrolls pursuant to such subsection (d) in the month in which he first satisfies such paragraphs, the first day of the month following the month in which he so enrolls, or

"(C) in the case of an individual who enrolls pursuant to such subsection (d) in the month following the month in which he first satisfies such paragraphs, the first day of the second month following the month in which he so enrolls, or

"(D) in the case of an individual who enrolls pursuant to such subsection (d) more than one month following the month in which he satisfies such paragraphs, the first day of the third month following the month in which he so enrolls, or

"(E) in the case of an individual who enrolls pursuant to subsection (e) of section 1837, the July 1 following the month in which he so enrolls."

On page 56, line 18, after the word "before", to strike out "1968" and insert "1969"; in line 21, after the word "after", to strike out "1967" and insert "1968"; in line 24, after the word "of", where it appears the first time, to strike out "1967" and insert "1968"; in the same line, after the word "each", to strike out "odd-numbered" and insert "even-numbered"; on page 57, line 8, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the same line, after the word "Insurance", to strike out "Benefits"; on page 58, line 18, after the word "Supplementary", to strike out "Health" and insert "Medical"; in line 19, after the word "Insurance", to strike out "Benefits"; on page 59, line 12, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the same line, after the word "Insurance", to strike out "Benefits"; on page 60, after line 12, to insert:

"(e)(1) In the case of an individual receiving an annuity under the Civil Service Retirement Act, or other Act administered by the Civil Service Commission providing retirement or survivorship protection, to whom neither subsection (a) nor subsection (b) applies, his monthly premiums under this part (and the monthly premiums of the spouse of such individual under this part if neither subsection (a) nor subsection (b) applies to such spouse and if such individual agrees) shall, upon notice from the Secretary of Health, Education, and Welfare to the Civil Service Commission, be collected by deducting the amount thereof from each installment of such annuity. Such deduction shall be made in such manner and at such times as the Civil Service Commission may determine. The Civil Service Commission shall furnish such information as the Secretary of Health, Education, and Welfare may reasonably request in order to carry out his functions under this part with respect to individuals to whom this subsection applies.

"(2) The Secretary of the Treasury shall, from time to time, but not less often than quarterly, transfer from the Civil Service Retirement and Disability Fund, or the account (if any) applicable in the case of such other Act administered by the Civil Service Commission, to the Federal Supplementary Medical Insurance Trust Fund the aggregate amount deducted under paragraph (1) for the period to which such transfer relates. Such transfer shall be made on the basis of a certification by the Civil Service Commission and shall be appropriately adjusted to the extent that prior transfers were too great or too small."

On page 61, at the beginning of line 17, to strike out "(e)" and insert "(f)"; in line 19, after the word "whom", to strike out "neither subsection (a) nor subsection (b)" and insert "none of the preceding provisions of this section (other than subsection (d))"; at the beginning of line 24, to strike out "(f)" and insert "(g)"; in line 25, after the

word "or", to strike out "(e)" and insert "(f)"; on page 62, line 1, after the word "Supplementary", to strike out "Health" and insert "Medical"; in line 2, after the word "Insurance", to strike out "Benefits"; at the beginning of line 3, to strike out "(g)" and insert "(h)"; in the heading in line 9, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the heading in line 10, to strike out "Benefits"; in line 13, after the word "Supplementary", to strike out "Health" and insert "Medical"; at the beginning of line 14, to strike out "Benefits"; on page 63, line 4, after the word "each", to insert "calendar"; on page 66, after line 14, to insert:

"(h) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to pay the costs incurred by the Civil Service Commission in making deductions pursuant to section 1840(e). During each fiscal year, or after the close of such fiscal year, the Civil Service Commission shall certify to the Secretary the amount of the costs it incurred in making such deductions, and such certified amount shall be the basis for the amount of such costs certified by the Secretary to the Managing Trustee."

On page 67, line 2, after "(a)", to strike out "in order to provide for the administration of the benefits under this part, the Secretary shall to the extent possible enter into contracts with carriers which will undertake to perform the following functions or, to the extent provided in such contracts, to secure such performance by other organizations:" and insert "In order to provide for the administration of the benefits under this part with maximum efficiency and convenience for individuals entitled to benefits under this part and for providers of services and other persons furnishing services to such individuals, and with a view to furthering coordination of the administration of the benefits under part A and under this part, the Secretary is authorized to enter into contracts with carriers, including carriers with which agreements under section 1816 are in effect, which will perform some or all of the following functions (or, to the extent provided in such contracts, will secure performance by other organizations); and, with respect to any of the following functions which involve payments for physicians' services, the Secretary shall to the extent possible enter into such contracts:";

On page 70, line 21, after the word "appropriate.", to insert "In determining the reasonable charge for services for purposes of this paragraph, there shall be taken into consideration the customary charges for similar services generally made by the physician or other person furnishing such services as well as the prevailing charges in the locality for similar services."; on page 72, after line 12, to insert:

"(3) No carrier shall be liable to the United States for any payments referred to in paragraph (1) or (2).

On page 73, line 11, after the word "before", to strike out "July 1, 1967" and insert "January 1, 1968"; on page 74, at the beginning of line 11, to strike out "July 1, 1967" and insert "January 1, 1968"; in line 14, after the word "before", to strike out "July 1967" and insert "January 1968"; in line 23, after "(A)", to strike out "July 1, 1966" and insert "January 1, 1967;"; on page 75, line 7, after the word "than", to strike out "July 1, 1967" and insert "January 1, 1968"; on page 76, at the beginning of line 22, to strike out "Health" and insert "Medical"; in the same line, after the word "Insurance", to strike out "Benefits"; on page 77, line 4, after the word "appropriated", to strike out "during the fiscal year ending June 30, 1966"; in line 7, after the word "through", to strike out "the next fiscal year" and insert "the calendar year 1968"; in line 11, after the word "in", to strike out "July 1966" and insert "January 1967"; at the beginning of line 25, to strike out "A or part B," and insert "A,"; on page 79, line 1, after the word "intern", to insert "(other than services provided in the field of pathology, radiology, physiatry, or anesthesiology)"; in line 9, after the word "Association", to strike out "(or," and insert "or,"; in line 12, after the word "Osteopathic", to strike out "Association)" and insert "Association, or, in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of dentistry, approved by the Council on Dental Education of the American Dental Association."; on page 81, line 10, after the word "on", to strike out "the"; in line 22, after the word "tuberculosis", to strike out the semicolon and "except that for purposes of part A (and so much of this part as relates to part A) such term shall include such an institution if" and insert "unless"; on page 82, line 2, after the word "subsection", to strike out "(g)), and for purposes of part B (and so much of this part as relates to part B) such term shall include such an institution if" and insert "(g)) or unless"; in line 7, after the word "of", to strike out "Christ" and insert "Christ,"; in line 11, after the word "to", to strike out "the" and insert "such"; on page 83, line 4, after the word "individuals", to strike out "enrolled under the insurance program established by part B" and insert "entitled to hospital insurance benefits under part A"; in line 11, after the word "on", to strike out "the"; in line 18, after the word "on", to strike out "the"; on page 84, line 14, after the word "on", to strike out "the"; in line 21, after the word "on", to strike out "the"; on page 86, line 19, after the word "facility", to strike out "if readmitted thereto within 14 days after discharge therefrom" and insert "if, within 14 days after discharge therefrom, he is admitted to such facility or any other extended care facility"; on page 88, line 25, after the word "subsection.", to insert "The term 'extended care facility' also includes an institution (or a distinct part of an institution) which is operated, or listed and certified, as a Christian Science nursing home by the First Church of Christ, Scientist, in Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such institution to inpatients, and payment may be made with respect to services provided by or in such an institution only to the extent and under such conditions, limitations, and requirements (in addition to or in lieu of the conditions, limitations, and requirements otherwise applicable) as may be provided in regulations."; on page 96, line 11, after the word "in", to strike out "regulations; and except that for purposes of part A such term shall not include any agency or organization which is primarily for the care and treatment of mental diseases" and insert "regulations. The term 'home health agency' also includes a Christian Science visiting nurse service operated, or listed and certified, by the First Church of Christ, Scientist, in Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such visiting nurse service to individuals, and payment may be made with respect to services provided by such visiting nurse service only to the extent and under such conditions, limitations, and requirements (in addition to or in lieu of the conditions, limitations, and requirements otherwise applicable) as may be provided in regulations."; on page 98, line 3, after the word "means", to strike out "an individual" and insert "(1) a doctor of medicine or osteopathy"; in line 7, after "section 1101 (a) (7)), to insert a comma and "or (2) a doctor of dentistry or of dental or oral surgery who is legally authorized to practice dentistry by the State in which he performs such function but only with respect to (A) surgery related to the jaw or any structure contiguous to the jaw or (B) the reduction of any fracture of the jaw or any facial bone."; in line 18, after the word "services", to strike out "home health services, or physicians' services" and insert "or home health services)"; after line 19, to insert:

"(1) (A) physicians' services;

"(B) chiropractors' services; and

"(C) podiatrists' services;

"(2) services and supplies (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) furnished as an incident to a physician's professional service, of kinds which are commonly furnished in physicians' offices and are commonly either rendered without charge or included in the physicians' bills, and hospital services (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) incident to physicians' services rendered to outpatients;" on page 99, at the beginning of line 8, to strike out "(1)" and insert "(3)"; at the beginning of line 9, to strike out "electrocardiograms, basal metabolism readings, electroencephalograms,"; at the beginning of line 11, to strike out "(2)" and insert "(4)"; at the beginning of line 13, to strike out "(3)" and insert "(5)"; at the beginning of line 16, to strike out "(4)" and insert "(6)"; at the beginning of line 20, to strike out "(5)" and insert "(7)"; at the beginning of line 24, to strike out "(6)" and insert "(8)"; on page 100, at the beginning of line 3, to strike out "(7)" and insert "(9)"; after line 6, to insert: "No diagnostic tests performed in any laboratory which is independent of a physician's office or a hospital shall be included within paragraph (3) unless such laboratory—

"(10) if situated in any State in which State or applicable local law provides for licensing of establishments of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing establishments of this nature, as meeting the standards established for such licensing; and

"(11) meets such other conditions relating to the health and safety of individuals with respect to whom such tests are performed as the Secretary may find necessary."

In line 24, after the word "only", to insert "(1)"; in line 25, after the word "included", to insert "(or approved for inclusion)"; on page 101, line 1, after the word "Pharmacopoeia", to strike out "or the" and insert "the"; in the same line, after the word "Formulary", to insert "or the United States Homoeopathic Pharmacopoeia"; in line 4, after the word "or", to strike out "as are approved" and insert "(2) combinations of drugs or biologicals if the principal ingredient or ingredients of the combinations meet the conditions specified in clause (1), or (3) such drugs or biologicals as are approved"; in line 11, after the word "biological", to insert a comma and "for use in such hospital"; on page 103, line 2, after the word "services", to insert "and inpatient psychiatric hospital services"; in the same line, after the amendment just above stated, to strike out the comma and "inpatient psychiatric hospital services,"; in line 22, after the word "services", to insert "and inpatient psychiatric hospital services"; in the same line, after the amendment just above stated, to strike out the comma and "inpatient psychiatric hospital services,"; on page 104, line 5, after "A", to strike out "or part B, as the case may be,"; on page 105, after line 2, to insert:

"Chiropractors' and Podiatrists' Services

"(y) (1) The term 'chiropractor' means an individual who is licensed under State law to practice as a chiropractor in the State; and the term 'chiropractors' services' means services performed by a chiropractor within the scope of his license.

"(2) The term 'podiatrist' means an individual who is licensed under State law to

practice as a podiatrist in the State; and the term 'podiatrists' services' means services performed by a podiatrist within the scope of his license."

On page 106, line 2, after the word "Act", to insert "and other than under a health benefits or insurance plan established for employees of such an entity"; in line 7, after the word "States", to insert "(except for emergency inpatient hospital services furnished outside the United States under the conditions described in section 1814(f));"; in line 25, after the word "member;", to strike out "or"; on page 107, line 3, after the word "his", to strike out "household." and insert "household; or"; after line 3, to insert:

"(12) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth."

On page 108, line 20, after the word "health", to strike out "agency" and insert "agency, or whether a laboratory meets the requirements of paragraphs (10) and (11) of section 1861(s)"; on page 111, at the beginning of line 14, to strike out "or section 1835(c)"; in line 21, after "1813", to strike out "(a)(1) or (a)(2)" and insert "(a)(1), (a)(2), or (a)(4)"; on page 112, line 6, after "B", to insert "or, in the case of outpatient hospital diagnostic services, for which payment is (or may be) made under part A"; on page 113, at the beginning of line 1, to strike out "or 1833(d)"; on page 114, line 9, after the word "services", to insert "and inpatient psychiatric hospital services"; in line 10, after the amendment just above stated, to strike out the comma and "inpatient psychiatric hospital services, or" and insert the word "or"; on page 115, line 15, after the word "services", insert "and inpatient psychiatric hospital services"; in line 16, after the amendment just above stated, to strike out the comma and "or inpatient psychiatric hospital services,"; on page 120, line 25, after the word "services", to insert "or other person"; on page 121, after line 2, to strike out:

"(b) Where—

"(1) more than the correct amount is paid under this title to a provider of services or other person for items or services furnished an individual and the Secretary determines that, within such period as he may specify, the excess over the correct amount cannot be recouped from such provider of services or other person, or

"(2) any payment has been made under section 1814(e) or 1835(c) to a provider of services or other person for items or services furnished an individual,

proper adjustments shall be made, under regulations prescribed (after consultation with the Railroad Retirement Board) by the Secretary, by decreasing subsequent payments—

"(3) to which such individual is entitled under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, or

"(4) if such individual dies before such adjustment has been completed, to which any other individual is entitled under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, with respect to the wages and self-employment income or the compensation constituting the basis of the benefits of such deceased individual under title II of such Act."

And in lieu thereof, to insert:

"(b) Where the Secretary finds that—

"(1) more than the correct amount of payment has been made under this title to a provider of services or other persons for items or services furnished an individual and the Secretary determines that, within such period as he may specify, the excess over the correct amount cannot be recouped from such provider of services or other person, or

"(2) any payment has been made under section 1814(e) to a provider of services or other person for items or services furnished an individual,

proper adjustment or recovery shall be made with respect to the amount in excess of the correct amount, under regulations prescribed (after consultation with the Railroad Retirement Board) by the Secretary, by (A) decreasing any payment under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, to which such individual is entitled, or (B) requiring such individual or his estate to refund the amount in excess of the correct amount, or (C) decreasing any payment under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, payable to the estate of such individual or to any other person on the basis of the wages and self-employment income (or compensation) which were the basis of the payments to such individual, or (D) by applying any combination of the foregoing."

On page 123, line 3, after the word "any", to insert the word "such"; at the beginning of line 4, to insert "or recovery" in the same line, after the amendment just above stated, to strike out "under paragraph (3) or (4)"; in line 6, after the word "section", to strike out "1834(f)" and insert "1841(f)"; in line 10, after the word "adjustment" to insert "or recovery"; after line 10, to strike out:

"(c) There shall be no adjustment as provided in subsection (b) (nor shall there be recovery) in any case where the incorrect payment has been made (including payments under sections 1814(e) and 1835(c)) with respect to an individual who is without fault and where such adjustment (or recovery) would defeat the purposes of title II or would be against equity and good conscience."

And in lieu thereof, to insert:

"(c) There shall be no adjustment as provided in subsection (b) of payments (including payments under section 1814(e)) to, or recovery as provided in such subsection by the United States from, any person who is without fault if such adjustment or recovery would defeat the purposes of title II of this Act or of the Railorad Retirement Act of 1937, as the case may be, or would be against equity and good conscience."

On page 125, line 25, after the word "care", to insert "and"; on page 126, line 3, after the word "the", to strike out "program; and (4) the desirability of broadening or otherwise modifying the provisions of this title which authorize payment for additional days of post hospital extended care services in cases where the number of days of inpatient hospital services in a spell of illness for which payment is made is less than the maximum number of days for which such payment could be made" and insert "program."; on page 126, line 16, after the word "before", to strike out "April 1," and insert "October 1"; in line 20, after the word "before", to strike out "April 1" and insert "October 1"; in line 23, after he word "before" to strike out "October 1, 1966" and insert "April 1, 1967"; on page 128, at the beginning of line 1, to insert "(A)"; in the same line, after the word "or", to strike out "an individual" and insert "(B) an alien lawfully admitted for permanent residence"; on page 129, line 3, after the word "individual" to insert "more than 3 months"; in line 16, after "(3)", to strike out "at the beginning of such first month, is" and insert "is"; in line 18, after the word "of", to strike out "1959" and insert "1959."; in line 19, after the amendment just above stated, to strike out "or could have been so covered had he or some other individal availed himself of opportunities to enroll in a health benefits plan under such Act and (where the Federal employee has retired) to continue such enrollment after retirement."; on page 130, line 3, after the word "necessary" to insert "for any fiscal year"; in line 5, after the word "made", to insert "or to be made during such fiscal year"; in line 11, after the word "resulting", to insert "or expected to result"; in line 14, after the word "position", to insert "at the end of such fiscal year"; on page 131, line 18, after the word "under", to strike out "(1)" and insert "(A)"; in line 21, after the word "or", to strike out "(2)" and insert "(B)"; on page , line , at the beginning of the line, strike out "such" and insert "this"; on page 135, line 2, after the section number, to strike out

"(a) Subsection (a) of section 213 of the Internal Revenue Code of 1954 (relating to allowance of deductions) is amended to read as follows:

"(a) ALLOWANCE OF DEDUCTION. There shall be allowed as a deduction the following amounts, not compensated for by insurance or otherwise—

"(1) the amount by which the amount of the expenses paid during the taxable year (reduced by any amount deductible under paragraph (2)) for medical care of the taxpayer, his spouse, and dependents (as defined in section 152) exceeds 3 percent of the adjusted gross income, and

"(2) an amount (not in excess of $250) equal to one half of the expenses paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents."

(b) The second sentence of section 213(b) of such Code (relating to limitation with respect to medicine and drugs) is repealed.

At the beginning of line 21, to strike out "(c)" and insert "(a)"; in the same line, after the word "of", to strike out "such Code" and insert "the Internal Revenue Code of 1954"; on page 136, line 12, after the word "supplementary", to strike out "health" and insert "medical"; in line 21, after the word "is", to insert the word "either"; in line 22, after the word "contract", to insert "or furnished to the policyholder by the insurance company in a separate statement,"; on page 137, line 5, after the word "contract", to insert "(or furnished to the policyholder by the insurance company in a separate statement)"; at the beginning of line 22, to strike out "(d)" and insert "(b)"; on page 138, at the beginning of line 9, strike out "(e)" and insert "(c)"; on page 139, line 10, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the same line, after the word "Insurance", to strike out "Benefits"; on page 141, line 13, after the word "Supplementary" to strike out "Health" and insert "Medical"; at the beginning of line 14, to strike out "Benefits"; on page 142, line 2, after the word "Supplementary", to strike out "Health" and insert "Medical"; in the same line, after the word "Insurance", to strike out "Benefits"; on page 143, line 25, after the word "supplementary", to strike out "health" and insert "medical"; in the same line, after the word "insurance", to strike out "benefits"; on page 144, after line 12, to insert:

"ADMINISTRATION OF HOSPITAL INSURANCE FOR THE AGED BY THE RAILROAD RETIREMENT BOARD

"SEC. 111. (a)(1) Section 226(a) of the Social Security Act is amended by striking out 'or is a qualified railroad retirement beneficiary'.

"(2) Section 226(b)(2) of such Act is amended to read as follows:

"'(2) an individual shall be deemed to be entitled to monthly insurance benefits under section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month'.

"(3) Section 226(c) of such Act is repealed, and subsection (d) of such section 226 is redesignated as subsection (c).

"(4) Section 1811 of such Act is amended by striking out 'or under the railroad retirement system'.

"(5) Subsections (a)(2) and (b)(2) of section 1813 of such Act are amended by

striking out 'section 226' and inserting in lieu thereof 'section 226 or under the Railroad Retirement Act of 1937'.

"(6) Section 1817(g) of such Act is amended by striking out the last sentence and also by striking out '(other than the amounts so certified to the Railroad Retirement Board)' in the first sentence.

"(7) Section 1841(f) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: 'There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which have been recovered under subsection (g) of section 21 of the Railroad Retirement Act of 1937.'

"(8) Section 1870(b) of such Act is amended by striking out '(after consultation with the Railroad Retirement Board)'; '(or compensation)'; '(to the Railroad Retirement Board if the adjustment is to be made by decreasing subsequent payments under the Railroad Retirement Act of 1937)'; and 'or under the Railroad Retirement Act of 1937, as the case may be,' wherever such phrase appears in such subsection.

"(9) Section 1870(c) of such Act is amended by striking out 'or of the Railroad Retirement Act of 1937, as the case may be,'.

"(10) The first sentence of section 1874(a) of such Act is amended to read as follows: 'Except as otherwise provided in this title and in the Railroad Retirement Act of 1937, the insurance programs established by this title shall be administered by the Secretary.'

"(b)(1) Section 103(a)(3) of the Health Insurance for the Aged Act is amended to read as follows:

"'(3) is not, and upon filing application for monthly insurance benefits under section 202 of the Social Security Act would not be, entitled to hospital insurance benefits under section 226 of such Act, and does not meet the requirements set forth in section 21(b) of the Railroad Retirement Act of 1937,'.

"(2) So much of the first sentence of section 103(a) of such Act as follows clause (5) is amended by striking out 'becomes certifiable as a railroad retirement beneficiary" and inserting in lieu thereof the following: 'meets the requirements set forth in section 21(b) of the Railroad Retirement Act of 1937'.

"(c)(1) Section 21 of the Railroad Retirement Act of 1937 is amended to read as follows:

"'SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for hospital insurance benefits consisting of inpatient hospital services, post-hospital extended care services, post-hospital home health services, and outpatient hospital diagnostic services (all hereinafter referred to as "services") within the meaning of section 226, and parts A and C of title XVIII, of the Social Security Act as the Secretary of Health, Education, and Welfare has under such section and such parts with respect to individuals to whom such section and such parts apply. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for the services referred to in the next preceding sentence shall be the same as those of individuals to whom section 226, and part A of title XVIII, of the Social Security Act apply and this section shall be administered by the Board as if the provisions of such section and such part A were applicable, as if references to the Secretary of Health, Education, and Welfare were to the Board, as if references to the Federal Hospital Insurance Trust Fund were to the Railroad Retirement Account, as if references to the United States or a State included Canada or a subdivision thereof, and as if the provisions of sections 1862(a)(4), 1863, 1867, 1868, 1874(b), and 1875 of such title XVIII were not included in such title. For purposes of section 11, a determination with respect to the rights of an individual under this section shall, except in the case of a provider of services, be considered to be a decision with respect to an annuity.

"'(b) Except as otherwise provided in this section, every individual who—

"'(A) has attained age 65, and

"'(B)(i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service and, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under section 6, or (iv) bears a relationship to an employee which, by reason of section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,

shall be entitled to have payment made for the services referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for services herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under section 10(b) in making payment of other benefits) to the hospital, extended care facility, or home health agency provided such services, including such services provided in Canada to individuals to whom this subsection applies, but only to the extent that the amount of payments for services otherwise hereunder provided for an individual exceeds the amount payable for like services provided pursuant to the law in effect in the place in Canada where such services are furnished. For the purposes of this section, an individual shall be entitled to have payment made for the services referred to in subsection (a) provided during the month in which he died if he would be entitled to have payment for services provided during such month had he died in the next month.

"'(c) No individual shall be entitled to have payment made for the same services, which are provided for in this section, under both (i) this section and (ii) section 226, and part A of title XVIII, of the Social Security Act, and no individual shall be entitled to have payment made under both (i) this section and (ii) section 226, and part A of title XVIII, of the Social Security Act for more than would be payable if he were qualified only under the provisions described in clause (i) or only under the provisions described in clause (ii). In any case in which an individual would, but for the preceding sentence, be entitled to have payment made under both the provisions described in clause (i) and the provisions described in clause (ii) in such preceding sentence, payment for such services to which such individual would be entitled shall be made in accordance with the procedures established pursuant to the next succeeding sentence, upon certification by the Board or by the Secretary of Health, Education, and Welfare. It shall be the duty of the Board and such Secretary with respect to such cases jointly to establish procedures designed to minimize duplications of requests for payment for such services, and of determinations, and to assign administrative functions between them so as to promote the greatest facility, efficiency, and consistency of administration of this section and section 226, and part A of title XVIII, of the Social Security Act; and subject to the provisions of this subsection to assure that the rights of individuals under this section or section 226, and part A of title XVIII, of the Social Security Act shall not be impaired or diminished by reason of the administration of this section and section 226, and part A of title XVIII, of the Social Security Act. The procedures so established may be included in regulations issued by the Board and by the Secretary of Health, Education, and Welfare to implement this section and such section 226, and part A of title XVIII, respectively.

"'(d) Any agreement entered into by the Secretary of Health, Education, and Welfare pursuant to part A or part C of title XVIII of the Social Security Act shall be entered into on behalf of both such Secretary and the Board. The preceding sentence shall not be construed to limit the authority of the Board to enter on its own behalf into any such agreement relating to services provided in Canada or in any facility devoted primarily to railroad employees.

"'(e) A request for payment of services filed under this section shall be deemed to be a request for payment for services filed as of the same time under section 226, and part A of title XVIII, of the Social Security Act, and a request for payment for services filed under such section 226 and such part shall be deemed to be a request for payment for services filed as of the same time under this section.

"'(f) The Board and the Secretary of Health, Education, and Welfare shall furnish each other with such information, records, and documents as may be considered necessary to the administration of this section or section 226, and part A of title XVIII, of the Social Security Act.

"'(g) Any payment to any provider of services or other person (covered by this section or part B of title XVIII of the Social Security Act) with respect to items or services furnished any individual who meets the requirements of subsection (b) of this section shall be governed, to the extent applicable, and as if references to the Secretary were references to the Board, by the provisions of section 1870 of the Social Security Act and treated for the purposes of section 9 of this Act, as if it were a payment of an annuity or pension, except that any recovery of overpayment under part B of title XVIII of the Social Security Act shall be transferred to the Federal Supplementary Medical Insurance Trust Fund.

"'(h) For purposes of this section (and sections 1840, 1843, and 1870 of the Social Security Act), entitlement to an annuity or pension under this Act shall be deemed to include entitlement under the Railroad Retirement Act of 1935.

"'(i) There are authorized to be appropriated to the Railroad Retirement Account from time to time such sums as the Board finds sufficient to cover—

"'(1) the costs of payments made from such account under this section,

"'(2) the additional administrative expenses resulting from such payments, and

"'(3) any loss of interest to such account resulting from such payments,

in cases where such payments are not includible in determinations under section 5(k)(2)(A)(iii) of this Act, provided such payments could have been made as a result of section 103 of the Health Insurance for the Aged Act but for eligibility under subsection (b) of this section.'

"(2) Section 5(k)(2) of such Act is amended—

"(A) by striking out subparagraphs (A) and (B) and redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively:

"(B) by striking out the second sentence and the last sentence of subdivision (i) of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph; and by striking out from the said subdivision (i) 'the Retirement Account' and inserting in lieu thereof 'the Railroad Retirement Account (hereinafter termed "Retirement Account")';

"(C) by adding at the end of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph the following new subdivision:

"'(iii) At the close of the fiscal year ending June 30, 1966, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which, if added to or subtracted from the Federal Hospital Insurance Trust Fund, would place such fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term "employment" as defined in the Social Security Act and in the Federal Insurance Contributions Act. Such determination shall be made no later than June 15 following the close of the fiscal year. If such amount is to be added to the Federal Hospital Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Hospital Insurance Trust Fund; if such amount is to be subtracted from the Federal Hospital Insurance Trust Fund the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Hospital Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined under subparagraph (B) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification;'

"(D) by striking out 'subparagraph (D)' where it appears in the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph, and inserting in lieu thereof 'subparagraph (B)';

"(E) by striking out 'subparagraphs (B) and (C)' where it appears in the subparagraph redesignated as subparagraph (B) by subparagraph (A) of this paragraph and inserting in lieu thereof 'subparagraph (A)'; and

"(F) by amending the subparagraph redesignated as subparagraph (C) by subparagraph (A) of this paragraph to read as follows:

"'(C) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund from the Retirement Account or to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraph (A), and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the Retirement Account or from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund.'

"(d)(1) Section 3201 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under the Railroad Retirement Tax Act) is amended by striking out 'section 3101(a)' and inserting in lieu thereof 'section 3101(a) plus the rate imposed by section 3101(b)'.

"(2) Section 3211 of such Code (relating to the rate of tax on employee representatives under the Railroad Retirement Tax Act) is amended by striking out 'section 3101 (a)' and inserting in lieu thereof 'section 3101(a) plus the rate imposed by section 3101(b)'.

"(3) Section 3221(b) of such Code (relating to the rate of tax on employers under the Railroad Retirement Tax Act) is amended by striking out 'section 3111(a)' and inserting in lieu thereof 'section 3111(a) plus the rate imposed by section 3111(b)'.

"(4) Section 1401(b) of such Code (relating to the rate of tax under the Self-Employment Contributions Act) is amended by striking out the last sentence.

"(5) Section 3101(b) of such Code (relating to the rate of tax on employees under the Federal Insurance Contributions Act) is amended by striking out ', but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees'.

"(6) Section 3111(b) of such Code (relating to the rate of tax on employers under the Federal Insurance Contributions Act) is amended by striking out ', but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees'.

"(e)(1) The amendments made by the preceding provisions of this section shall become effective January 1, 1966, if the requirement in paragraph (2) with respect to such date has been met. If such requirement has not been met with respect to January 1, 1966, such amendments shall become effective on the first January 1 thereafter with respect to which such requirement has been met.

"(2) The requirement referred to in paragraph (1) shall be deemed to have been met with respect to any January 1 if, as of the October 1 immediately preceding such January 1, the Railroad Retirement Tax Act provides that the maximum amount of monthly compensation taxable under such Act for the following January will be an amount equal to or in excess of one-twelfth of the maximum wages which the Federal Insurance Contributions Act provides may be counted for the calendar year beginning on the first day of such following January."

At the top of page 158, add a new section, as follows:

"ADDITIONAL UNDER SECRETARY AND ASSISTANT SECRETARIES OF HEALTH, EDUCATION, AND WELFARE

"SEC. 112. (a) There shall be in the Department of Health, Education, and Welfare an additional Under Secretary of Health, Education, and Welfare who shall be appointed by the President, by and with the advice and consent of the Senate, shall perform such duties as the Secretary of Health, Education, and Welfare may prescribe, and shall serve as Secretary during the absence or disability of the Secretary and the Under Secretary now provided for, in accordance with directives of the Secretary.

"(b) There shall be in the Department of Health, Education, and Welfare, in addition to the Assistant Secretaries otherwise provided by law, two Assistant Secretaries of Health, Education, and Welfare who shall be appointed by the President, by and with the advice and consent of the Senate. The provisions of section 2 of the Reorganization Plan Numbered 1 of 1953 (67 Stat. 631) shall be applicable to such additional Assistant Secretaries to the same extent as they are applicable to the Assistant Secretaries authorized by such section.

"(c) The rate of compensation of such additional Under Secretary and Assistant Secretaries shall be the same as that applicable to the Under Secretary and Assistant Secretaries, respectively, whose positions are established by section 2 of such reorganization plan."

On page 161, after line 5, to strike out:

"(5) provide that the State agency administering or supervising the administration of the plan of such State approved under title I, or under title XVI (insofar as it relates to the aged), shall administer or supervise the administration of the plan for medical assistance; and that any local agency administering the plan of such State approved under title I, or under title XVI (insofar as it relates to the aged), in a political subdivision, shall administer the plan for medical assistance in such subdivision;".

And, in lieu thereof, to insert:

"(5) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan, except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged);".

On page 162, line 15, after "(9)", to insert "(A)"; in line 20, after the word "services;", to insert "and"; after line 20, to insert:

"(B) provide that, after June 30, 1967, the requirements under the standards established and maintained by such authority or authorities shall include any requirements which may be contained in standards established by the Secretary relating to protection against fire and other hazards to the health and safety of individuals in such private or public institutions;".

On page 163, line 7, after the word "that", to insert "(except as to care and services described in paragraph (4) or (14) of section 1905 (a))"; in line 17, after the word "medical", to strike out "assistance" and insert "or remedial care and services"; in line 21, after the word "medical", to strike out "assistance is" and insert "or remedial care and services are"; on page 164, line 3, after the word "provide", to insert "(except as to care and services described in paragraph (4) or (14) of section 1905 (a))"; in line 6, after the word "medical", to strike out "assistance" and insert "or remedial care and services"; in line 13, after the word "medical", to insert "or remedial"; in line 14, after the word "medical", to strike out "assistance" and insert "or remedial care and services"; on page 168, line 21, after the word "for", to strike out "tuberculosis or"; in line 25, after the word "diseases", to strike out "or tuberculosis (as the case may be),"; on page 170, line 11, to strike out "and"; in line 20, after the word "mental", to strike out "diseases." and insert "diseases; and"; after line 20, to insert:

"(22) include descriptions of (A) the kinds and numbers of professional medical personnel and supporting staff that will be used in the administration of the plan and of the responsibilities they will have, (B) the standards, for private or public institutions in which recipients of medical assistance under the plan may receive care or services, that will be utilized by the State authority or authorities responsible for establishing and maintaining such standards, (C) the cooperative arrangements with State health agencies and State vocational rehabilitation agencies entered into with a view to maximum utilization of and coordination of the provision of medical assistance with the services administered or supervised by such agencies, and (D) other standards and methods that the State will use to assure that medical or remedial care and services provided to recipients of medical assistance are of high quality."

On page 172, line 2, after the word "and", to strike out "the" and insert "a different"; in line 3, after the word "agency", to strike out "which administered or supervised the administration of such plan approved under title I (or title XVI, insofar as it relates to the aged)"; on page 174, line 5, after the word "compensation", to insert "or training"; in line 17, after the word "for", to strike out "tuberculosis or"; on page 178, line 6, after the word "furnishing", to strike out "by July 1, 1975," and insert "(on or before the first day of the calendar quarter following the 40-calendar quarter period beginning with the first calendar quarter for which the plan is effective)"; on page 179, line 20, after the word "services", to insert "(other than services in an institution for tuberculosis or mental diseases)"; in line 24, after the word "services", to insert "(other than services in an institution for tuber-

culosis or mental diseases) for individuals 21 years of age or older and dental services for individuals under the age of 21"; on page 180, line 13, after "(10)"; to insert "skilled nursing home services and"; in line 14, after the word "services", to insert "for other individuals"; in line 21, after the word "services;", to strike out "and"; after line 21, to insert:

"(14) inpatient hospital services and skilled nursing home services in an institution for tuberculosis or mental diseases; and".

On page 180, at the beginning of line 25, to strike out "(14)" and insert "(15)"; on page 182, line 12, after the word "period", to strike out "after June 30, 1967" and insert "thereafter"; after line 15, to strike out:

"(2) Section 1109 of such Act is amended by adding at the end thereof the following new sentence: 'Any amount which is disregarded (or set aside for future needs) in determining eligibility for and amount of the aid or assistance for any individual under a State plan approved under title I, IV, X, XIV, XVI, or XIX shall not be taken into consideration in determining the eligibility for or amount of medical assistance for any other individual under a State plan approved under title XIX.'"

And, in lieu thereof, to insert:

"(2) Section 1109 of such Act is amended to read: 'Any amount which is disregarded (or set aside for future needs) in determining eligibility of and amount of the aid or assistance for any individual under a State plan approved under title I, IV, X, XIV, XVI, or XIX shall not be taken into consideration in determining the eligibility of and amount of aid or assistance for any other individual under a State plan approved under any other of such titles.'"

On page 183, in the headline, in line 16, to strike out "Health" and insert "Medical"; on page 184, line 1, after "(A)", to insert a comma and "and in the parenthetical phrase appearing in paragraph (2) thereof."; in line 15, after "$60,000,000", to insert "each"; on page 185, line 12, after "$60,000,000", to insert "each"; on page 188, line 3, after "1967", to strike out "$40,000,000" and insert "$45,000,000"; in line 4, after "1968", to strike out "$45,000,000" and insert "$50,000,000"; in line 5, after the word "and", to strike out "$50,000,000" and insert "$55,000,000"; in line 21, after the word "this", to strike out "section" and insert "subsection"; on page 189, line 9, after the word "this", to strike out "section" and insert "subsection"; after line 14, to insert:

"(c) From the sums appropriated pursuant to subsection (a), the Secretary is also authorized to make grants to the State health agency, the State mental health agency, and the State public welfare agency of any State and (with the consent of such State health, mental health, or public welfare agency) to the health agency, mental health agency, and public welfare agency, respectively, of any political subdivision of the State, and to any public or nonprofit private agency or institution to pay not to exceed 75 per centum of the cost of projects providing for the identification (with a view to providing for as early identification as possible), care, and treatment of children who are, or are in danger of becoming, emotionally disturbed, including the followup of children receiving such care or treatment. No project shall be eligible for a grant under this subsection unless it provides for coordination of the care and treatment provided under it with, and utilization (to the extent feasible) of, community mental health centers and other State or local agencies engaged in health, welfare, or education programs or activities for such children."

On page 190, at the beginning of line 10, to strike out "(c)" and insert "(d)"; after line 22, to insert:

"INCREASE IN CHILD WELFARE SERVICES

"SEC. 207. Section 521 of the Social Security Act is amended by striking out '$40,000,000' and all that follows and inserting in lieu thereof '$40,000,000 for the fiscal year ending June 30, 1965, $45,000,000, for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $55,000,000 for the fiscal year ending June 30, 1968, $55,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 each year for the fiscal year ending June 30, 1970, and succeeding fiscal years.'"

On page 191, after line 7, to insert:

"DAY CARE SERVICES

"SEC. 208. (a)(1) Part 3 of title V of the Social Security Act is amended by striking out section 527.

"(2) The second sentence of section 1108 of such Act is amended by striking out '522(a), and 527(a)' and inserting in lieu thereof 'and 522(a)' and by striking out '(or, in the case of section 527(a), the minimum'.

"(b) Section 522 of such Act is amended to read as follows:

"'SEC. 522. The sum appropriated pursuant to section 521 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot $70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 524) bears to the sum of the corresponding products of all the States.'

"(c) Section 523(a)(1)(B) of such Act is amended by striking out 'and' at the end of clause (iii) and by inserting after clause (iv) the following new clause:

"'(v) that day care provided under the plan will be provided only in facilities (including private homes) which are licensed by the State, or approved (as meeting the standards established for such licensing) by the State agency responsible for licensing facilities of this type, and'.

"(d) The amendments made by this section shall apply in the case of appropriations under section 521 of the Social Security Act made for fiscal years beginning after June 30, 1965, and allotments thereof and payments from such allotments."

On page 193, in the headline in line 16, after the word "To", to strike out "Aged"; on page 194, at the beginning of line 20, to strike out "tuberculosis or"; in line 23, after the word "diseases", to strike out "or tuberculosis (as the case may be)"; on page 196, line 19, after the word "for", to strike out "tuberculosis or"; on page 198, line 23, after the word "Act", to insert "(as amended by section 403 (c) of this Act)"; on page 199, line 5, after the word "for", to strike out "tuberculosis or"; in line 9, after the word "diseases", to strike out "or tuberculosis (as the case may be)"; on page 201, line 7, after the word "for", to strike out "tuberculosis or"; at the top of page 203, to insert:

"PART 4—MISCELLANEOUS AMENDMENTS RELATING TO HEALTH CARE

*"Health study of resources relating to children's emotional illness*

"SEC. 231. (a) The Secretary of Health, Education, and Welfare is authorized, upon the recommendation of the National Advisory Mental Health Council and after securing the advice of experts in pediatrics and child welfare, to make grants for carrying out a program of research into and study of our resources, methods, and practices for dianosing or preventing emotional illness in children and of treating, caring for, and rehabilitating children with emotional illnesses.

"(b) Such grants may be made to one or more organizations, but only on condition that the organization will undertake and conduct, or if more than one organization is to receive such grants, only on condition that such organizations have agreed among themselves to undertake and conduct, a coordinated program of research into and study of all aspects of the resources, methods, and practices referred to in subsection (a).

"(c) As used in subsection (b), the term "organization" means a nongovernmental agency, organization, or commission, composed of representatives of leading national medical, welfare, educational, and other professional associations, organizations, or agencies active in the field of mental health of children.

"(d) There are authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $500,000 to be used for a grant or grants to help initiate the research and study provided for in this section; and the sum of $500,000 for the succeeding fiscal year for the making of such grants as may be needed to carry the research and study to completion. The terms of any such grant shall provide that the research and study shall be completed not later than two years from the date it is inaugurated; that the grantee shall file annual reports with the Congress, the Secretary, and the Governors of the several States, among others that the grantee may select; and that the final report shall be similarly filed."

At the bottom of page 205, and the top of page 206, in the table, to strike out:

| | | | | |
|---|---|---|---|---|
| "109 | 315 | 319 | 116.70 | 254.00 |
| 110 | 320 | 323 | 117.70 | 254.80 |
| 111 | 324 | 328 | 118.80 | 256.80 |
| 112 | 329 | 333 | 119.90 | 258.80 |
| 113 | 334 | 337 | 121.00 | 260.40 |
| 114 | 338 | 342 | 122.00 | 262.40 |
| 115 | 343 | 347 | 123.10 | 264.40 |
| 116 | 348 | 351 | 124.20 | 266.00 |
| 117 | 352 | 356 | 125.20 | 268.00 |
| 118 | 357 | 361 | 126.30 | 270.00 |
| 119 | 362 | 365 | 127.40 | 271.60 |
| 120 | 366 | 370 | 128.40 | 273.60 |
| 121 | 371 | 375 | 129.50 | 275.60 |
| 122 | 376 | 379 | 130.50 | 277.20 |
| 123 | 380 | 384 | 131.70 | 279.20 |
| 124 | 385 | 389 | 132.70 | 281.20 |
| 125 | 390 | 393 | 133.80 | 282.80 |
| 126 | 394 | 398 | 134.90 | 284.80 |
| 127 | 399 | 403 | 135.90 | 286.80 |
| | 404 | 407 | 136.09 | 288.40 |
| | 408 | 412 | 137.90 | 290.40 |
| | 413 | 417 | 138.90 | 292.40 |
| | 418 | 421 | 139.90 | 294.00 |
| | 422 | 426 | 140.90 | 296.00 |
| | 427 | 431 | 141.90 | 298.00 |
| | 432 | 436 | 142.90 | 300.00 |
| | 437 | 440 | 143.90 | 301.60 |
| | 441 | 445 | 144.90 | 303.60 |
| | 446 | 450 | 145.90 | 305.60 |
| | 451 | 454 | 146.90 | 307.20 |
| | 455 | 459 | 147.90 | 309.20 |
| | 460 | 464 | 148.90 | 311.20 |
| | 465 | 466 | 149.90 | 312.00". |

On page 208, line 13, after the word "person", to insert "(other than a person who would not be entitled to such benefits for such month without the application of the amendments made by section 306 of the Social Security Amendments of 1965),"; on page 209, line 4, after the word "person", to insert "(other than a person who would not be entitled to such benefits for such month without the application of the amendments made by section 306 of the Social Security Amendments of 1965)"; on page 210, after line 17, to strike out:

"(f) Effective with respect to monthly benefits under title II of the Social Security Act for months after 1970 and with respect to lump sum death payments under such title in the case of deaths occurring after such year, the table in section 215(a) of such Act (as amended by subsection (a) of this section) is amended by striking out all figures in columns II, III, IV, and V beginning with the line which reads:

| | | | | |
|---|---|---|---|---|
| "109 | 315 | 319 | 116.70 | 254.00" |

and down through the line which reads

| | | | | |
|---|---|---|---|---|
| "465 | 466 | 149.90 | 312.00" |

and inserting in lieu thereof the following:

| | | | | |
|---|---|---|---|---|
| "109 | 315 | 319 | 116.70 | 255.20 |
| 110 | 320 | 323 | 117.70 | 258.40 |
| 111 | 324 | 328 | 118.80 | 262.40 |
| 112 | 329 | 333 | 119.90 | 266.40 |
| 113 | 334 | 337 | 121.00 | 269.60 |
| 114 | 338 | 342 | 122.00 | 273.60 |
| 115 | 343 | 347 | 123.10 | 277.60 |
| 116 | 348 | 351 | 124.20 | 280.80 |
| 117 | 352 | 356 | 125.20 | 284.80 |
| 118 | 357 | 361 | 126.30 | 288.80 |
| 119 | 362 | 365 | 127.40 | 292.00 |
| 120 | 366 | 370 | 128.40 | 296.00 |
| 121 | 371 | 375 | 129.50 | 298.00 |
| 122 | 376 | 379 | 130.60 | 299.60 |
| 123 | 380 | 384 | 131.70 | 301.60 |
| 124 | 385 | 389 | 132.70 | 303.60 |
| 125 | 390 | 393 | 133.80 | 305.20 |
| 126 | 394 | 398 | 134.90 | 307.20 |
| 127 | 399 | 403 | 135.90 | 309.20 |
| | 404 | 407 | 136.90 | 210.80 |
| | 408 | 412 | 137.90 | 312.80 |
| | 413 | 417 | 138.90 | 314.80 |
| | 418 | 421 | 139.90 | 316.40 |
| | 422 | 426 | 140.90 | 318.40 |
| | 427 | 431 | 141.90 | 320.40 |
| | 432 | 436 | 142.90 | 322.40 |
| | 437 | 440 | 143.90 | 324.00 |
| | 441 | 445 | 144.90 | 326.00 |
| | 446 | 450 | 145.90 | 328.00 |
| | 451 | 454 | 146.90 | 329.60 |
| | 455 | 459 | 147.90 | 331.60 |
| | 460 | 464 | 148.90 | 333.60 |
| | 465 | 468 | 149.90 | 335.20 |
| | 469 | 473 | 150.90 | 337.20 |
| | 474 | 478 | 151.90 | 339.20 |
| | 479 | 482 | 152.90 | 340.80 |
| | 483 | 487 | 153.90 | 342.80 |
| | 488 | 492 | 154.90 | 344.80 |
| | 493 | 496 | 155.90 | 346.40 |
| | 497 | 501 | 156.90 | 348.40 |
| | 502 | 506 | 157.90 | 350.40 |
| | 507 | 510 | 158.90 | 352.00 |
| | 511 | 515 | 159.90 | 354.00 |
| | 516 | 520 | 160.90 | 356.00 |
| | 521 | 524 | 161.90 | 357.60 |
| | 525 | 529 | 162.90 | 359.60 |
| | 530 | 534 | 163.90 | 361.60 |
| | 535 | 538 | 164.90 | 363.20 |
| | 539 | 543 | 165.90 | 365.20 |
| | 544 | 548 | 166.90 | 367.20 |
| | 549 | 550 | 167.90 | 368.00" |

On page 216, line 15, after the word "his", to insert "monthly"; at the top of page 218, to insert:

"(7) Effective January 2, 1966, subparagraph (B) of section 102(f)(2) of the Social Security Amendments of 1954 is repealed."

On page 218, after line 4, to strike out:

"SEC. 303. (a)(1) Clause (A) of the first sentence of section 216(i)(1) of the Social Security Act is amended by striking out "impairment which can be expected to result in death or to be of long continued and indefinite duration," and inserting in lieu thereof 'impairment,'.

"(2) Section 223(c)(2) of such Act is amended by striking out 'which can be expected to result in death or to be of long continued and indefinite duration'."

And in lieu thereof, to insert the following:

"SEC. 303. (a)(1) Clause (A) of the first sentence of section 216 (i) of the Social Security Act is amended by striking out 'or to be of long-continued and indefinite duration' and inserting in lieu thereof 'or has lasted or can be expected to last for a continuous period of not less than 12 calendar months'.

"(2) Section 223(c)(2) of such Act is amended to read as follows:

"'(2) The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 calendar months. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.'"

On page 220, after line 3, to strike out:

"(D) A period of disability shall end with the close of the last day of the month preceding the month in which the individual attains age 65 or, if earlier, the close of the last day of—

"(i) the month following the month in which the disability ceases if he has been under a disability for a continuous period of less than 18 months, or

"(ii) the second month following the month in which his disability ceases if he has been under a disability for a continuous period of at least 18 months."

And in lieu thereof, to insert the following:

"(D) A period of disability shall end with the close of whichever of the following months is the earlier: (i) the month preceding the month in which the individual attains age 65, or (ii) the second month following the month in which the disability ceases."

On page 220, after line 18, to strike out:

"(E) No application for a disability determination which is filed more than 3 months before the first day on which a period of disability can begin (as determined under this paragraph), or, in any case in which section 223(d)(2) applies, more than 6 months before the first month for which such applicant becomes entitled to benefits under section 223, shall be accepted as an application for purposes of this paragraph. Any application for a disability determination which is filed within such 3 months' period or 6 months' period shall be deemed to have been filed on such first day or in such first month, as the case may be."

On page 221, line 5, strike out "(F)" and insert "(E)"; after line 14 to strike out:

"(3) Paragraph (1) of section 223(a) of such Act is amended to read as follows:

"'(1) Every individual who—

"'(A) is insured for disability insurance benefits (as determined under subsection (c)(1)),

"'(B) has not attained the age of 65, and

"'(C) has filed application for disability insurance benefits,

shall be entitled to a disability insurance benefit for each month in his disability payment period (as defined in subsection (d)).'"

At the top of page 222, insert the following:

"(3) Subparagraph (D) of paragraph (1) of section 223(a) of such Act is repealed, subparagraph (C) of such paragraph is amended by striking out 'and', and subparagraph (B) of such paragraph is amended by inserting 'and' at the end thereof."

After line 8, to strike out:

"(c) Section 223 of such Act is amended by adding at the end thereof the following new subsection:

"'DISABILITY PAYMENT PERIOD

"'(d)(1) For purposes of this section, the term "disability payment period" means, in the case of any application, the period beginning with the last month of the individual's waiting period and ending with the month preceding whichever of the following months is the earliest:

"'(A) the month in which he dies,

"'(B) the month in which he attains age 65, or

"'(C) either (i) the second month following the month in which his disability ceases if he has been under a disability for a continuous period of less than 18 calendar months, or (ii) the third month following the month in which his disability ceases if he has been under a disability for a continuous period of at least 18 calendar months.

"'(2) If—

"'(A) an individual had a period of disability (as defined in section 216(i)) which lasted at least 18 calendar months and which ceased within the 60 month period preceding the first month of his waiting period, and

"'(B) such individual applies for disability insurance benefits on the basis of a disability which at the time of application can be expected to last a continuous period of at least 12 months or to result in death,

then for purposes of this section, the term "disability payment period" includes each month in the waiting period with respect to which such application was filed.'

"(d)(1) Section 222(c)(5) of such Act is amended by striking out 'who becomes entitled to benefits under section 223 for any month as provided in clause (ii) of subsection (a)(1) of this section,' and inserting in lieu thereof 'to whom section 223(d)(2) is applicable,'.

"(2) Section 223(a)(2)(B) of such Act is amended by striking out 'clause (ii) of paragraph (1) of this section' and inserting in lieu thereof 'subsection (d)(2)'.

"(3)(A) Section 223(b) of such Act is amended—

"(i) by striking out 'clause (ii) of paragraph (1) of subsection (a)' and inserting in lieu thereof 'subsection (d)(2)', and

"(ii) by striking out the last sentence and inserting in lieu thereof the following: 'An individual who would have been entitled to a disability insurance benefit for any month had he filed application therefor before the end of such month shall be entitled to such benefit for such month if he files such application before the end of the 12th month immediately succeeding such month.'"

And in lieu thereof, to insert:

"(c) Section 223(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: 'An individual who would have been entitled to a disability insurance benefit for any month had he filed application therefor before the end of such month shall be entitled to such benefit for such month if he files such application before the end of the 12th month immediately succeeding such month.'"

On page 224, at the beginning of line 15, to strike out "(B)" and insert "(d)"; after line 17, to insert:

"(e) So much of section 215(a)(4) of such Act as precedes 'the amount in column IV' is amended to read as follows:

"'(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to old-age insurance benefits, or attained age 65,'."

At the beginning of line 25, strike out "(e)" and insert "(f)"; on page 225, line 1, after the word "and" where it occurs the second time, strike out "paragraph (3) of subsection (d)" and insert "subsections (c) and (d)"; in line 3, after the word "subparagraphs", strike out "(B), (E), and (F)", and insert "(B) and (E)"; on page 226, line 3, after the word "enacted", to insert "The preceding sentence shall also be applicable in the case of applications for monthly insurance benefits under title II of the Social Security Act based on the wages and self-employment income of an applicant with respect to whose application for disability insurance benefits under section 223 of such Act such preceding sentence is applicable."

After line 9, to strike out:

"(2) Section 223(d)(1) of such Act (added by subsection (c) of this section) shall be applicable in the case of applications for disability insurance benefits filed by individuals the last month of whose waiting period (as defined in section 223(c)(3) of such Act) occurs after the month in which this Act is enacted; except that subparagraph (C) of such section shall be applicable to individuals entitled to disability insurance benefits whose disability (as defined in section 223(c) of the Social Security Act as amended by this Act) ceases in or after the second month following the month in which this Act is enacted.

"(3) Section 223(d)(2) of such Act (added by subsection (c) of this section), and the amendments made by subsection (d), shall be applicable in the case of applications for disability insurance benefits under section 223, and for disability determinations under section 216(i), of the Social Security Act filed after the month in which this Act is enacted.

"(4) Section 216(i)(2)(D) of such Act (as amended by subsection (b)(1) of this section) shall apply with respect to a disability (as defined in section 216(i) of such Act as amended by this Act) which ceases in or after the second month following the month in which this Act is enacted."

On page 227, after line 9, to insert:

"(2) The amendment made by subsection (e) shall apply in the case of the primary insurance amounts of individuals who attain age 65 after the enactment of this Act."

In line 21, after the word "only", to strike out "such disability insurance benefit for such month" and insert "the larger of such benefits for such month, except that, if such individual so elects, he shall instead be entitled to only the smaller of such benefits for such month"; on page 229, line 24, after the word "after", to strike out "paragraph" and insert "subparagraph"; on page 230, line 1, after the word "new", strike out "paragraphs" and insert "subparagraphs"; on page 232, line 4, after "(k)", to strike out "So much of section 215(a)(4) of such Act as follows clause (B)" and insert "Section 215(a)(4) of such Act"; in line 25, after the word "and", strike out "¾" and insert "0.70"; on page 233, line 5, after the word "and", strike out "⅜" and insert "0.525"; in line 11, after the word "school" to insert "and in case of child becoming disabled"; in line 19, after the word "of", to strike out "and which has lasted or can be expected to last a continuous period of at least 6 calendar months or to result in death" and insert "22".

On page 234, after line 4, to strike out:

"(E) in the case of a child who is not under a disability (as to defined) at the time he attains the age of 18 and who during no part of the month in which he attains such age is a full-time student, the month in which such child attains the age of 18,

"(F) in the case of a child who is a full-time student during the month in which he attains the age of 18, the first month (beginning after he attains such age) during no part of which he is a full-time student or the month in which he attains the age of 22, whichever occurs earlier, but only if in the third month preceding such earlier month he was not under a disability (as so defined) which began before he attained the age of 18,

"(G) in the case of a child who first becomes entitled to benefits under this subsection for the month in which he attains the age of 18 or a subsequent month and who in the month for which he becomes so entitled is not under a disability (as so defined) which began before he attained the age of 18, the first month (after he becomes so entitled) during no part of which he is a full-time student or the month in which he attains the age of 22, which ever occurs earlier,

"(H) in the case of a child who after he attains the age of 18 ceases to be under a disability (as so defined) which began before he attained the age of 18, and who either—

"(i) attains the age of 22 before the close of the third month following the month in which he ceases to be under such disability, or

"(ii) was a full-time student during no part of the third month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of at least 18 months (or the second month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of less than 18 months), the third month (or the second month) following the month in which he ceases to be under such disability, or

"(I) in the case of a child who after he attains the age of 18 ceases to be under a disability (as so defined) which began before he attained the age of 18, but who has not attained the age of 22 before the close of the third month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of at least 18 months (or before the close of the second month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of less than 18 months) and is a full-time student in such third month (or such second month), the earlier of (i) the first month (after such third month or such second month) during no part of which he is a full-time student, or (ii) the month in which he attains the age of 22."

And in lieu thereof, to insert the following:

"(E) the month in which such child attains the age of 18 and is not under a disability (as so defined) and is not a full-time student during any part of such month,

"(F) the first month after the month in which such child attains the age of 18 and, in such first month, is not under a disability (as so defined) and is not a full-time student during any part of such first month, but only if in the third month preceding such first month he was not under a disability,

"(G) the month in which such child attains the age of 22 and is not under a disability (as so defined), but only if in the third month preceding such month he was not under a disability, or

"(H) the third month following the month in which he ceases to be under such disability."

On page 237, line 12, after the word "terminated", to strike out "with the month preceding the month in which such child attained the age of 18, or with a subsequent month," and insert "under the preceding provisions of this subsection"; in line 19, after the figures "22", to insert "or in which he is under a disability (as defined in section 223(c) which began before he attained the age of 22"; in line 21, after the amendment just above stated, to strike out "if he has filed application for such reentitlement" and insert "if he also meets the requirements of subparagraphs (A) and (B) of paragraph (1); and such reentitlement shall end thereafter in accordance with the provisions of subparagraph (D), (F), (G), or (H) of paragraph (1)."

At the top of page 238, to strike out:

"Such reentitlement shall end with the month preceding whichever of the following first occurs: The first month during no part of which he is a full-time student, the month in which he attains the age of 22, or the first month in which an event specified in paragraph (1)(D) occurs."

On page 240, at the beginning of line 1, to strike out: "which began before he attained such age, shall be deemed not entitled to such benefits for such month, unless he was under such a disability in the third month before such month and had been under such disability for a continuous period of at least 18 months (or in the second month if he had been under such disability for a continuous period of less than 18 months)."

At the beginning of line 9, after "(b)" to strike out "(4)" and insert "(3); in the same line, after "(e)", to strike out "(4)" and insert "(3)"; in the same line, after "(g)", to strike out "(4)" and insert "(3)"; in line 14, after the word "of", to strike out "18" and insert "22"; in line 16, after the word "occurred", to strike out "and had been under such disability for a continuous period of at least 18 months (or in the second month if he had been under such disability for a continuous period of less than 18 months)."

In line 21, after "(b)", to strike out "(4)" and insert "(3)"; in line 22, after "(e)", to strike out "(4)" and insert "(3)"; in the same line, after "(g)", to strike out "(4)" and insert "(3)"; on page 241, line 5, after the word "of", to strike out "18 and had been under such disability for a continuous period of at least 8 months (or in the second month if he had been under such disability for a continuous period of less than 18 months)", and insert "22"; in line 17, after "(e)", to strike out "(4)" and insert "(3)"; on page 242, line 7, after "(g)", to strike out "(4)" and insert "(3)"; on page 244, line 4, after the word "enacted", to insert "and"; after line 4, to strike out:

"(2) section 202(d)(1)(H)(ii) of such Act (as amended by this section) shall apply only for months after the month in which this Act is enacted; and"

At the beginning of line 8, strike out "(3)" and insert "(2)"; on page 249, line 22, after the word "wife", to strike out "has not remarried" and insert "is not married"; on page 51, after line 22, to strike out:

"(3) In the case of any divorced wife of an individual—

"(A) who marries another individual, and

"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by divorce which occurs within 20 years after such marriage,

the marriage to the individual referred to in subparagraph (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month before whichever of the following is the latest: (i) the month after the month in which the divorce referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such divorced wife files application for purposes of this paragraph, or (iii) the second month after the month in which this paragraph is enacted."

On page 252, at the beginning of line 15, strike out "(4)" and insert "(3)"; on page 253, line 11, after "(A)", to strike out "has not remarried," and insert "is not married"; in line 22, after the word "wife", to insert "who was not entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,".

On page 255, after line 8, to strike out:

"(2) Paragraphs (3) and (4) of section 202(e) of such Act are amended by striking out 'widow' each place it appears and inserting in lieu thereof 'widow or surviving divorced wife'.

"(3) Paragraph (4) of section 202(e) of such Act is amended by striking out 'widow's' and inserting in lieu thereof 'widow's or surviving divorced wife's'.

"(4) Section 202(e) of such Act is further amended by adding at the end thereof the following new paragraph:

"'(5) In the case of any widow or surviving divorced wife of an individual—

"'(A) who marries another individual, and

"'(B) whose marriage to the individual referred to in subparagraph (A) is terminated by divorce which occurs within 20 years after such marriage,

the marriage to the individual referred to in subparagraph (A) shall, for the purposes of paragraph (1), be deemed not to have

occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month before whichever of the following is the latest: (i) the month after the month in which the divorce referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or surviving divorced wife files application for purposes of this paragraph, or (iii) the second month after the month in which this paragraph is enacted.'"

And in lieu thereof, to insert:

"(2) Paragraph (3) of section 202(e) of such Act is repealed.

"(3) Section 202(e) of such Act is amended by redesignating paragraph (4) as paragraph (3) and such paragraph is further amended by striking out 'widow' and inserting in lieu thereof 'widow or surviving divorced wife' and by striking out 'widow's' and inserting in lieu thereof 'widow's or surviving divorced wife's'."

At the top of page 258, to insert:

"(3) Subparagraph (A) of section 202(g)(1) of such Act is amended by striking out 'has not remarried' and inserting in lieu thereof 'is not married'."

At the beginning of line 4, to strike out "(3)" and insert "(4)"; on page 259, after line 2, to strike out:

"(4) Section 202(g) of such Act is amended by adding the following new paragraph:

"'(5) In the case of any widow or surviving divorced mother—

"'(A) who marries another individual, and

"'(B) whose marriage to the individual referred to in subparagraph (A) is terminated by divorce which occurs within 20 years after such marriage,

the marriage to the individual referred to in subparagraph (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month after the month in which the divorce referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or surviving divorced mother files application for purposes of this paragraph, or (iii) the second month after the month in which this paragraph is enacted.'"

On page 261, after line 8, to insert:

"(12) Paragraph (3) of section 202(g) of such Act is repealed.

"(13) Section 202(g) of such Act is amended by redesignating paragraph (4) as paragraph (3)."

On page 264, line 4, after "SEC. 310", to strike out "(a) Paragraph (3) of section 203(f) of the Social Security Act is amended by striking out "$500" wherever it appears therein and inserting in lieu thereof '$1,200'."

And in lieu thereof, to insert:

"(a)(1) Paragraphs (1), (3), and (4) (B) of subsection (f) of section 203 of the Social Security Act are each amended by striking out '$100' wherever it appears therein and inserting in lieu thereof '$150'.

"(2) The first sentence of paragraph (3) of such subsection (f) is amended by striking out '$500' each place it appears therein and inserting in lieu thereof '$1,200'.

"(3) Paragraph (1) (A) of subsection (h) of section 203 of such Act is amended by striking out '$100' and inserting in lieu thereof '$150'."

On page 278, line 10, after the name "Alaska" to strike out "And Kentucky"; after line 11, to strike out: "of the Social Security Act is amended—

"(1) by inserting 'Alaska,' before 'California'; and

"(2) by inserting 'Kentucky,' before 'Massachusetts'".

And in lieu thereof, to insert:

"SEC. 314. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting 'Alaska,' before 'California'".

On page 279, after line 15, to strike out:

"(b) Section 3121(k)(1) of such Code (relating to waiver of exemption by religious, charitable, and certain other organizations) is further amended by adding at the end thereof the following new subparagraph:

"'(H) An organization which files a certificate under subparagraph (A) before 1966 may amend such certificate during 1965 or 1966 to make the certificate effective with the first day of any calendar quarter preceding the quarter for which such certificate originally became effective, except that such date may not be earlier than the first day of the twentieth calendar quarter preceeding the quarter in which such certificate is so amended.'"

And in lieu thereof, to insert:

"(b) Section 3121(k)(1) of such Code (relating to waiver of exemption by religious, charitable, and certain other organizations) is further amended by adding at the end thereof the following new subparagraph:

"'(H) An organization which files a certificate under subparagraph (A) before 1966 may amend such certificate during 1965 or 1966 to make the certificate effective with the first day of any calendar quarter preceding the quarter for which such certificate originally became effective, except that such date may not be earlier than the first day of the twentieth calendar quarter preceding the quarter in which such certificate is so amended. If an organization amends its certificate pursuant to the preceding sentence, such amendment shall be effective with respect to the service of individuals who concurred in the filing of such certificate (initially or through the filing of a supplemental list) and who concur in the filing of such amendment. An amendment to a certificate filed pursuant to this subparagraph shall be filed with such official and in such form and manner as may be prescribed by regulations made under this chapter. If an amendment is filed pursuant to this subparagraph—

"'(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for any calendar quarter resulting from the filing of such an amendment shall be the last day of the calendar month following the calendar quarter in which the amendment is filed; and

"'(ii) the statutory period for the assessment of such tax shall not expire before the expiration of three years from such due date."

On page 284, after line 11, to insert:

"(d) If—

"(1) an individual performed service with respect to which remuneration was paid before the date of enactment of this Act by an organization which, before such date, filed a waiver certificate pursuant to section 3121(k)(1) of the Internal Revenue Code,

"(2) such service is excluded from employment under title II of the Social Security Act but would not be excluded therefrom if the requirements of such section 3121(k)(1) had been met with respect to such service,

"(3) such service was performed during the period such certificate was in effect, and

"(4) such individual was listed pursuant to such section 3121(k)(1) at any time during such period and before the date of enactment of this Act as an employee who concurred in the filing of such certificate or such individual filed a request for coverage pursuant to section 105(b) of the Social Security Amendments of 1960, as in effect prior to the enactment of this Act (but such listing or request was not effective with respect to the service described above),

then, subject to the conditions stated in subparagraphs (B), (C), (D), and (E) of paragraph (1), and paragraph (4), of section 105 (b) of the Social Security Amendments of 1960, as amended by this section, the remuneration of such individual which was paid with respect to such excluded service shall be deemed to constitute remuneration for employment for purposes of such title II."

On page 288, line 21, after the word "administration,", to strike out "effective with respect to remuneration paid before 1971, make" and insert "make"; in line 24, after the word "the", to strike out "$5,600 limitation in section 3121(a)(1) and, effective with respect to remuneration paid after 1970, without regard to the"; on page 298, line 17, after the word "new", to strike out "paragraphs" and insert "paragraph"; in line 21, after the word "to", to strike out "$5,600" and insert "$6,600"; in line 23, after "1965", to strike out "and prior to 1971,"; in line 25, to strike out "year;" and insert "year;" "; at the top of page 299, to strike out:

"(5) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $6,600 with respect to employment has been paid to an individual during any calendar year after 1970, is paid to such individual during such calendar year;".

In line 11, after the word "new", to strike out "subparagraphs" and insert "subparagraph"; in line 13, after "1965"; to strike out "and prior to 1971, (i) $5,600" and insert "(i) $6,600"; in line 16, after the word "year", to strike out "and" and insert "or"; after line 16, to strike out:

"(E) For any taxable year ending after 1970, (i) $6,600, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

In line 22, after the word "or", to strike out "$5,600" and insert "$6,000"; in line 23, after "1965", to strike out "and before 1971, or $6,600 in the case of a calendar year after 1970"; on page 300, line 3, after the word "or", to strike out "$5,600" and insert "$6,600"; in line 4, after "1965", to strike out "and before 1971, or $6,600 in the case of a taxable year ending after 1970"; in line 10, after the word "before", to strike out "1966," and insert "1966 and"; in the same line, after the word "over", to strike out "$5,600" and insert "$6,600"; in line 11, after "1965", to strike out "and before 1971, and the excess over $6,600 in the case of any calendar year after 1970"; in line 21, to strike out "subparagraphs" and insert "subparagraph"; in line 22, after the word "after", to strike out "1965 and before 1971, (i) $5,660," and insert "1965, (i) $6,600,"; in line 25, after the word "year", to strike out "and" and insert "or"; at the top of page 301, to strike out:

"(E) for any taxable year ending after 1970, (i) $6,600, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

In line 4, after "(2)", to strike out "(A)"; in line 6, after the word "thereof", to strike out "$5,600" and insert "$6,600"; after line 7, to strike out:

"(B) Effective with respect to remuneration paid after 1970, section 3121(a)(1) of such Code as amended by subparagraph (A) of this paragraph is amended by striking out '$5,600' each place it appears and inserting in lieu thereof '$6,600'."

In line 13, after "(3)", to strike out "(A)"; in line 15, after the word "thereof", to strike out "$5,600" and insert "$6,600"; after line 16, to strike out:

"(B) Effective with respect to remuneration paid after 1970, such second sentence as amended by subparagraph (A) of this paragraph is amended by striking out '$5,600' and inserting in lieu thereof '$6,600'."

In line 21, after "(4)", to strike out "(A)"; in lie 25, after the word "thereof", to strike

out "$5,600" and insert "$6,600"; at the top of page 302, to strike out:

"(B) Effective with respect to remuneration paid after 1970, section 3125 of such Code as amended by subparagraph (A) of this paragraph is amended by striking out '$5,600' where it appears in subsections (a) and (b) and inserting in lieu thereof '$6,600'."

In line 12, after "1965", to strike out "and prior to the calendar year 1971,"; at the beginning of line 14, to strike out "exceed $5,600, or (D) during any calendar year after the calendar year 1970, the wages received by him during such year"; in line 19, after the word "first", to strike out "$5,600" and insert "$6,600"; at the beginning of line 21, to strike out "and before 1971, or which exceed the tax with respect to the first $6,600 of such wages received in such calendar year after 1970"; on page 303, line 4, after "1965", to strike out "or $5,600 for the calendar year 1966, 1967, 1968, 1969, or 1970,"; in line 6, after the word "after", to strike out "1970" and insert "1965"; on page 304, line 2, after the word "to", to strike out "6.0" and insert "5.8"; in line 6, after the word "to", to strike out "6.6" and insert "6.7"; in line 19, after the word "to", to strike out "0.35" and insert "0.325"; in line 23, after "January 1,", to strike out "1973" and insert "1971"; on page 305, after line 2, to insert:

"(3) in the case of any taxable year beginning after December 31, 1970, and before January 1, 1973, the tax shall be equal to 0.55 percent of the amount of the self-employment income for such taxable year;."

At the beginning of line 7, to strike out "(3)" and insert "(4)"; in line 9, after the word "to", to strike out "0.55" and insert "0.60"; at the beginning of line 12, to strike out "(4)" and insert "(5)"; in line 14, after the word "to", to strike out "0.60" and insert "0.65"; at the beginning of line 16, to strike out "(5)" and insert "(6)"; in line 18, after the word "to", to strike out "0.70" and insert "0.75"; at the beginning of line 20, to strike out "(6)" and insert "(7)"; in line 21, after the word "to", to strike out "0.80" and insert "0.85"; on page 306, line 17, after the word "be", to strike out "4.0" and insert "3.85"; in line 20, after the word "be", to strike out "4.4" and insert "4.45"; in line 22, after the word "be", to strike out "4.8" and insert "4.9"; on page 307, line 7, after the word "be", to strike out "0.35" and insert "0.325"; in line 9, after "1969", to insert "and"; in the same line, after "1970", to strike out "1971, and 1972,"; after line 10, to insert:

"(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 0.55 percent;."

At the beginning of line 14, to strike out "(3)" and insert "(4)"; in line 16, after the word "be", to strike out "0.55" and insert "0.60"; at the beginnig of line 17, to strike out "(4)" and insert "(5)"; in line 19, after the word "be", to strike out "0.60" and insert "0.65"; at the beginning of line 20, to strike out "(5)" and insert "(6)"; in line 22, after the word "be", to strike out "0.70" and insert "0.75"; at the beginning of line 23, to strike out "(6)" and insert "(7)"; in line 24, after the word "be", to strike out "0.80" and insert "0.85"; on page 308, line 12, after the word "be", to strike out "4.0" and insert "3.85"; in line 16, after the word "be", to strike out "4.4" and insert "4.45"; in line 18, after the word "be", to strike out "4.8" and insert "4.9"; on page 309, line 4, after the word "be", to strike out "0.35" and insert "0.325"; in line 6, after "1969", to insert "and"; in the same line, after "1970", to strike out "1971, and 1972,"; after line 7, to insert:

"(3) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 0.55 percent;."

At the beginning of line 10, to strike out "(3)" and insert "(4)"; at the beginning of line 12, to strike out "0.55" and insert "0.60"; at the beginning of line 13, to strike out "(4)" and insert "(5)"; in line 15, after the word "be", to strike out "0.60" and insert "0.65"; at the beginning of line 16, to strike out "(5)" and insert "(6)"; in line 18, after the word "be", to strike out "0.70" and insert "0.75"; at the beginning of line 19, to strike out "(6)" and insert "(7)"; in line 20, after the word "be", to strike out "0.80" and insert "0.85"; on page 312, at the beginning of line 21, to strike out "clauses (i) and (iii) of paragraph (1)(C) shall not apply to a child of such individual" and insert "a child of such individual adopted after such individual became entitled to such disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1)(C)" on page 313, line 15, after the word "adoption", to insert "(or, if such child was adopted by such individual after such individual attained age 65, the period of disability of such individual which existed in the month preceding the month in which he attained age 65)"; in line 22, after "(10)", to strike out "In the case of" and insert "If"; at the beginning of line 24, to strike out "paragraph (9)), clauses (i) and (iii) of paragraph (1)(C) shall not apply to a child of such individual unless such" and insert "paragraph (9)) adopts a child after such individual becomes entitled to such benefits, such child shall be deemed not to meet the requirements of clause (i) of paragraph (1)(C) unless such"; on page 318, line 18, after "1965", to strike out "and before 1971 is less than $5,600, or for any calendar year after 1970"; in line 23, after "1966", to strike out "$5,600" and insert "and $6,600"; in the same line, after "1965", to strike out "and before 1971, and $6,600 for years after 1970"; on page 319, after line 6, to insert a new section, as follows:

"APPLICATIONS FOR BENEFITS

"SEC. 328. (a) Section 202(j)(2) of the Social Security Act is amended to read as follows:

"'(2) An application for any monthly benefits under this section filed before the first month in which the applicant satisfies the requirements for such benefits shall be deemed a valid application only if the applicant satisfies the requirements for such benefits before the Secretary makes a final decision on the application. If upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed in such first month.'

"(b) Section 216(i)(2) of such Act (as amended by subsection (b)(1) of section 303) is amended by inserting after subparagraph (E) the following:

"'(F) An application for a disability determination filed before the first day on which the applicant satisfies the requirements for a period of disability under this subsection shall be deemed a valid application only if the applicant satisfies the requirements for a period of disability before the Secretary makes a final decision on the application. If upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed on such first day.'

"(c) The first sentence of section 223(b) of such Act is amended to read as follows: 'An application for disability insurance benefits filed before the first month in which the applicant satisfies the requirements for such benefits (as prescribed in subsection (a)(1)) shall be deemed a valid application only if the applicant satisfies the requirements for such benefits before the Secretary makes a final decision on the application. If, upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed in such first month.'

"(d) The amendments made by this section shall apply with respect to (1) applications filed on or after the date of enactment of this Act, (2) applications as to which the Secretary has not made a final decision before the date of enactment of this Act, and (3) if a civil action with respect to final decision by the Secretary has been commenced under section 205(g) of the Social Security Act before the date of enactment of this Act, applications as to which there has been no final judicial decision before the date of enactment of this Act."

On page 321, after line 2, to insert a new section, as follows:

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 329. (a) Section 204(a) of the Social Security Act is amended to read as follows:

"'SEC. 204. (a) Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, under regulations prescribed by the Secretary, as follows:

"'(1) With respect to payment to a person of more than the correct amount, the Secretary shall decrease any payment under this title to which such overpaid person is entitled, or shall require such overpaid person or his estate to refund the amount in excess of the correct amount, or shall decrease any payment under this title payable to his estate or to any other person on the basis of the wages and self-employment income which were the basis of the payments to such overpaid person, or shall apply any combination of the foregoing.

"'(2) With respect to payment to a person of less than the correct amount, the Secretary shall make payment of the balance of the amount due such underpaid person, or, if such person dies before payments are completed or before negotiating one or more checks representing correct payments, disposition of the amount due shall be made under regulations prescribed by the Secretary in such order of priority as he determines will best carry out the purposes of this title.'

"(b) Section 204(b) of such Act is amended to read as follows:

"'(b) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.'"

On page 322, after line 13, to insert a new section, as follows:

"PAYMENTS TO TWO OR MORE INDIVIDUALS OF THE SAME FAMILY

"SEC. 330. Section 205(n) of the Social Security Act is amended to read as follows:

"'(n) The Secretary may, in his discretion, certify to the Managing Trustee any two or more individuals of the same family for joint payment of the total benefits payable to such individuals for any month, and if one of such individuals dies before a check representing such joint payment is negotiated, payment of the amount of such unnegotiated check to the surviving individual or individuals may be authorized in accordance with regulations of the Secretary of the Treasury; except that appropriate adjustment or recovery shall be made under section 204(a) with respect to so much of the amount of such check as exceeds the amount to which such surviving individual or individuals are entitled under this title for such month.'"

On page 323, after line 5, to insert a new section, as follows:

"VALIDATING CERTIFICATES FILED BY MINISTERS

"SEC. 331. (a) Section 1402(e) of the Internal Revenue Code of 1954 (relating to certificates to waive tax on self-employment income in the case of ministers, members of religious orders, and Christian Science practitioners) is amended by striking out para-

graphs (5) and (6) and inserting in lieu thereof the following:

"'(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1967.—Notwithstanding any other provision of this section, in any case where an individual has derived earnings in any taxable year ending after 1954 from the performance of service described in subsection (c)(4), or in subsection (c)(5) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof)—

"'(A) a certificate filed by such individual on or before April 15, 1965, which (but for this subparagraph) is ineffective for the first taxable year ending after 1954 for which such a return was filed shall be effective for such first taxable year and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205(c)(1)(C) of the Social Security Act) after the date of enactment of this paragraph and on or before April 15, 1967, and

"'(B) a certificate filed after the date of enactment of this paragraph and on or before April 15, 1967, by a survivor (within the meaning of section 205(c)(1)(C) of the Social Security Act) of such an individual who died on or before April 15, 1965, may be effective, at the election of the person filing such a certificate, for the first taxable year ending after 1954 for which such a return was filed and for all succeeding years,

but only if—

"'(i) the tax under section 1401 in respect to all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year described in subparagraphs (A) and (B), is paid on or before April 15, 1967, and

"'(ii) in any case where refund has been made of any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1967.

The provisions of section 6401 shall not apply to any payment or repayment described in this paragraph.'"

"(b) In the case of a certificate or supplement certificate filed pursuant to section 1402(e)(5) of the Internal Revenue Code—

"(1) for purposes of computing interest the due date for the payment of the tax under section 1401 of such Code which is due for any taxable year solely by reason of the filing of a certificate which is effective under such section 1402(e)(5) shall be April 15, 1967;

"(2) for purposes of section 6501 of such Code, the statutory period for the assessment of any tax for any taxable year for which tax is due solely by reason of the filing of such certificate shall not expire before April 16, 1970; and

"(3) for purposes of section 6651 of such Code (relating to addition to tax for failure to file tax return), the amount of tax required to be shown on the return shall not include tax under section 1401 of such Code which is due for any taxable year solely by reason of the filing of a certificate which is effective under section 1402(e)(5).

"(c) Notwithstanding any provision of section 205(c)(5)(F) of the Social Security Act, the Secretary of Health, Education, and Welfare may conform, before April 16, 1970, his records to tax returns or statements of earnings which constitute self-employment income solely by reason of the filing of a certificate which is effective under section 1402(e)(5) of such Code.

"(d) The amendments made by this section shall be applicable (except as otherwise specifically provided therein) only to certificates with respect to which supplemental certificates are filed pursuant to section 1402(e)(5)(A) of such Code after the date of the enactment of this Act, and to certificates filed pursuant to section 1402(e)(5)(B) after such date; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments, and no lump-sum death payment under such title shall be payable or increased by reason of such amendments in the case of any individual who died prior to the date of the enactment of this Act. The provisions of section 1402(e)(5) and (6) of the Internal Revenue Code of 1954 which were in effect before the date of enactment of this Act shall be applicable with respect to any certificate filed pursuant thereto before such date if a supplemental certificate is not filed with respect to such certificate as provided in this section."

On page 327, after line 6, to insert a new section, as follows:

"DETERMINATION OF ATTORNEYS' FEES IN COURT PROCEEDINGS UNDER TITLE II

"SEC. 332. The heading of section 206 of the Social Security Act is amended to read "REPRESENTATION OF CLAIMANTS". Such section is further amended by inserting "(a)" after "SEC. 206." and by adding at the end of such section the following new subsection:

"'(b)(1) Whenever a court renders a judgment favorable to a claimant who was represented before the court by an attorney, the court may determine and allow as part of its judgment a reasonable fee for such representation, not in excess of 25 percent of the total of the past due benefits to which the claimant is entitled by reason of such judgment, and the Secretary may, notwithstanding the provisions of section 205(i), certify the amount of such fee for payment to such attorney out of, and not in addition to, the amount of such past-due benefits. In case of any such judgment, no other fee may be payable or certified for payment for such representation except as provided in this paragraph.

"'(2) Any attorney who charges, demands, receives, or collects for services rendered in connection with proceedings before a court to which paragraph (1) is applicable any amount in excess of that allowed by the court thereunder shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500, or imprisonment for not more than one year, or both.'"

On page 328, after line 7, to insert a new section, as follows:

"CONTINUATION OF WIDOW'S AND WIDOWER'S INSURANCE BENEFITS AFTER REMARRIAGE

"SEC. 333. (a)(1) Subsection (e) of section 202 of the Social Security Act, as amended by section 308 of this Act, is amended by adding at the end thereof the following new paragraph:

"'(4) If a widow, after attaining the age of 60, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (3)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred; except that, notwithstanding the provisions of paragraph (2) and subsection (q), such widow's insurance benefit for the month in which such marriage occurs and each month thereafter prior to the month in which the husband dies or such marriage is otherwise terminated, shall be equal to 50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based.'

"(2) Paragraph (2) of such subsection, as amended by section 307 of this Act, is further amended by inserting before the comma "and paragraph (4) of this subsection".

"(b)(1) Subsection (f) of such section is amended by adding at the end thereof the following new paragraph:

"'(5) If a widower, after attaining the age of 62, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (4)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred; except that, notwithstanding the provisions of paragraph (3) such widower's insurance benefit for the month in which such marriage occurs and each month thereafter prior to the month in which the wife dies or such marriage is otherwise terminated, shall be equal to 50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based.'

"(2) Paragraph (3) of such subsection is amended by striking out 'Such' and inserting in lieu thereof 'Except as provided in paragraph (5), such'.

"(c)(1) Paragraph (2)(B) of subsection (k) of such section 202 is amended by inserting '(other than an individual to whom subsection (e)(4) or (f)(5) applies)' after 'Any individual' and by adding at the end thereof the following new sentence: 'Any individual who is entitled for any month to more than one widow's or widower's insurance benefit to which subsection (e)(4) or (f)(5) applies shall be entitled to only one such benefit for such month, such benefit to be the largest of such benefits.'.

"(2) Paragraph (3) of such subsection is amended by inserting '(A)' after '(3)' and by adding at the end thereof the following new subparagraph:

"'(B) If an individual is entitled for any month to a widow's or widower's insurance benefit to which subsection (e)(4) or (f)(5) applies and to any other monthly insurance benefit under section 202 (other than an old-age insurance benefit), such other insurance benefit for such month, after any reduction under subparagraph (A), any reduction under subsection (q), and any reduction under section 203(a), shall be reduced, but not below zero, by an amount equal to such widow's or widower's insurance benefit after any reduction or reductions under such subparagraph (A) and such section 203(a).'

"(d) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act beginning with the second month following the month in which this Act is enacted; but, in the case of an individual who was not entitled to a monthly insurance benefit under section 202(e) or (f) of such Act for the first month following the month in which this Act is enacted, only on the basis of an application filed in or after the month in which this Act is enacted."

On page 331, after line 5, to insert a new section, as follows:

"CHANGES IN DEFINITIONS OF WIFE, WIDOWS, HUSBAND, AND WIDOWER

"SEC. 334. (a) Section 216(b) of the Social Security Act, as amended by section 306 of this Act, is amended by striking out 'or' at the end of clause (3)(A), and by inserting immediately before the period at the end thereof the following: ', or (C) was entitled to, or upon application therefor and attainment of the required age (if any) would have been entitled to, a widow's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended'.

"(b) Section 216(c) of such Act, as amended by section 306 of this Act, is amended by striking out 'or' at the end of clause 6(A), and by inserting immediately before the period at the end thereof the following:

', or (C) she was entitled to, or upon application therefor and attainment of the required age (if any) would have been entitled to, a widow's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended'.

"(c) Section 216(f) of such Act, as amended by section 306 of this Act, is amended by striking out 'or' at the end of clause (3)(A), and by inserting immediately before the period at the end thereof the following: ', or (C) he was entitled to, or upon application therefor and attainment of the required age (if any) he would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended'.

"(d) Section 216(g) of such Act, as amended by section 306 of this Act, is amended by striking out 'or' at the end of clause (6)(A), and by inserting immediately before the period at the end thereof the following: ', or (C) he was entitled to, or on application therefor and attainment of the required age (if any) he would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended'.

"(e) Section 202(c)(2) is amended by striking out 'or' at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof '; or', and by adding after such subparagraph (B) the following new subparagraph:

"'(C) in the month prior to the month of his marriage to such individual he was entitled to, or on application therefor and attainment of the required age (if any) would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended.'

"(f) Section 202(f)(2) of such Act is amended by striking out 'or' at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ': or', and by adding after such subparagraph (B) the following new subparagraph:

"'(C) in the month prior to the month of his marriage to such individual he was entitled to, or on application therefor and attainment of the required age (if any), would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended.'

"(g) The amendments made by this section shall be applicable only with respect to monthly insurance benefits under title II of the Social Security Act beginning with the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted."

At the top of page 334, to insert a new section, as follows:

"REDUCTION OF BENEFITS ON RECEIPT OF WORKMEN'S COMPENSATION

"SEC. 335. Effective with respect to benefits under title II of the Social Security Act for months after December 1965 which are based on applications filed after December 1965, section 224 of such Act is amended to read as follows:

"'REDUCTION OF BENEFITS BASED ON DISABILITY ON ACCOUNT OF RECEIPT OF WORKMEN'S COMPENSATION

"'SEC. 224. (a) If for any month prior to the month in which an individual attains the age of 62—

"'(1) such individual is entitled to benefits under section 223, and

"'(2) such individual is entitled for such month, under a workmen's compensation law or plan of the United States or a State, to periodic benefits for a total or partial disability (whether or not permanent), and the Secretary has, in a prior month, received notice of such entitlement for such month,

the total of his benefits under section 223 for such month and of any benefits under section 202 for such month based on his wages and self-employment income shall be reduced (but not below zero) by the amount by which the sum of—

"'(3) such total of benefits under sections 223 and 202 for such month and

"'(4) such periodic benefits payable (and actually paid) for such month to such individual under the workmen's compensation law or plan,

exceeds the higher of—

"'(5) 80 per centum of his "average current earnings", or

"'(6) the total of such individual's disability insurance benefits under section 223 for such month and of any monthly insurance benefits under section 202 for such month based on his wages and self-employment income, prior to reduction under this section.

In no case shall the reduction in the total of such benefits under sections 223 and 202 for a month reduce such total below the sum of—

"'(7) the total of the benefits under sections 223 and 202, after reduction under this section, with respect to all persons entitled to benefits on the basis of such individual's wages and self-employment income for such month which were determined for such individual and such persons for the first month for which reduction under this section was made (or which would have been so determined if all of them had been so entitled in such first month), and

"'(8) any increase in such benefits with respect to such individual and such persons, before reduction under this section, which is made effective for months after the first month for which reduction under this section is made.

For purposes of clause (5), an individual's average current earnings means the larger of (A) the average monthly wage used for purposes of computing his benefits under section 223, or (B) one-sixtieth of the total of his wages and self-employment income for the five consecutive calendar years after 1950 for which such wages and self-employment income were highest.

"'(b) If any periodic benefit under a workmen's compensation law or plan is payable on other than a monthly basis (excluding a benefit payable as a lump sum except to the extent that it is a commutation of, or a substitute for, periodic payments), the reduction under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate as nearly as practicable the reduction prescribed by subsection (a).

"'(c) Reduction of benefits under this section shall be made after any reduction under subsection (a) of section 203, but before deductions under such section and under section 222(b).

"'(d) The reduction of benefits required by this section shall not be made if the workmen's compensation law or plan under which a periodic benefit is payable provides for the reduction thereof when any one is entitled to benefits under this title on the basis of the wages and self-employment income of an individual entitled to benefits under section 223.

"'(e) If it appears to the Secretary that an individual may be eligible for periodic benefits under a workmen's compensation law or plan which would give rise to reduction under this section, he may require, as a condition of certification for payment of any benefits under section 223 to any individual for any month and of any benefits under section 202 for such month based on such individual's wages and self-employment income, that such individual certify (i) whether he has filed or intends to file any claim for such periodic benefits, and (ii) if he has so filed, whether there has been a decision on such claim. The Secretary may, in the absence of evidence to the contrary, rely upon such a certification by such individual that he has not filed and does not intend to file such a claim, or that he has so filed and no final decision thereon has been made, in certifying benefits for payment pursuant to section 205(i).

"'(f)(1) In the second calendar year after the year in which reduction under this section in the total of an individual's benefits under section 223 and any benefits under section 202 based on his wages and self-employment income was first required (in a continuous period of months), and in each third year thereafter, the Secretary shall redetermine the amount of such benefits which are still subject to reduction under this section; but such redetermination shall not result in any decrease in the total amount of benefits payable under this title on the basis of such individual's wages and self-employment income. Such redetermined benefit shall be determined as of, and shall become effective with, the January following the year in which such redetermination was made.

"'(2) In making the redetermination required by paragraph (1), the individual's average current earnings (as defined in subsection (a)) shall be deemed to be the product of his average current earnings as initially determined under subsection (a) and the ratio of (i) the average of the taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which such redetermination is made, to (ii) the average of the taxable wages of such persons reported to the Secretary for the first calendar quarter of the taxable year in which the reduction was first computed (but not counting any reducting made in benefits for a previous period of disability). Any amount determined under the preceding sentence which is not a multiple of $1 shall be reduced to the next lower multiple of $1.

"'(g) Whenever a reduction in the total of benefits for any month based on an individual's wages and self-employment income is made under this section, each benefit, except the disability insurance benefit, shall first be proportionately decreased, and any excess of such reduction over the sum of all such benefits other than the disability insurance benefit shall then be applied to such disability insurance benefit.'"

On page 339, after line 6, to insert a new section, as follows:

"FACILITATING DISABILITY DETERMINATIONS

"SEC. 336. (a) Subsection (b) of section 221 of the Social Security Act is amended by inserting before the period at the end thereof ', other than individuals referred to in subsection (g)(4)'.

"(b) Subsection (g) of such section 221 is amended to read as follows:

"'(g) In the case of—

"'(1) individuals in a State which has no agreement under subsection (b),

"'(2) individuals outside the United States,

"'(3) any class or classes of individuals not included in an agreement under subsection (b), and

"'(4) any individual with respect to whom the Secretary, in accordance with regulations prescribed by him, finds that a determination of disability or of the day on which a disability ceased may be made (A) on the evidence furnished by or on behalf of such in-

dividual from sources of information as to examination and treatment which are designated by such individual, or (B) on the evidence of remunerative work activities performed by such individual,

the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.'

"(c) The amendments made by subsections (a) and (b) shall take effect in any State which has an agreement with the Secretary under section 221 of such Act when the Secretary finds that the implementation of section 221(g)(4) of such Act can be effectuated with respect to individuals in such State without impeding the efficient administration of the disability insurance program of such Act in such State."

On page 340, after line 13, to insert a new section, as follows:

"PAYMENT OF COSTS OF REHABILITATION SERVICES FROM THE TRUST FUNDS

"SEC. 337. Section 222 of the Social Security Act is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

"'COSTS OF REHABILITATION SERVICES FROM TRUST FUNDS

"'(b)(1) For the purpose of making vocational rehabilitation services more readily available to disabled individuals who are—

"'(A) entitled to disability insurance benefits under section 223, or

"'(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),

to the end that savings will result to the Trust Funds as a result of rehabilitating the maximum number of such individuals into productive activity, there are authorized to be transferred from the Trust Funds such sums as may be necessary to enable the Secretary to pay the costs of vocational rehabilitation services for such individuals (including (i) services during their waiting periods, and (ii) so much of the expenditures for the administration of any State plan as is attributable to carrying out this subsection); except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the benefits under section 202(d) for children who have attained age 18 and are under a disability or under section 223, which were certified for payment in the preceding year. The selection of individuals (including the order in which they shall be selected) to receive such services shall be made in accordance with criteria formulated by the Secretary which are based upon the effect the provision of such services would have upon the Trust Funds.

"'(2) In the case of each State which is willing to do so, such vocational rehabilitation services shall be furnished under a State plan for vocational rehabilitation services which—

"'(A) has been approved under section 5 of the Vocational Rehabilitation Act,

"'(B) provides that, to the extent funds provided under this subsection are adequate for the purpose, such services will be furnished, to any individual in the State who meets the criteria prescribed by the Secretary pursuant to paragraph (1), with reasonable promptness and in accordance with the order of selection determined under such criteria, and

"'(C) provides that such services will be furnished to any individual without regard to (i) his citizenship or place of residence, (ii) his need for financial assistance except as provided in regulations of the Secretary in the case of maintenance during rehabilitation, or (iii) any order of selection followed under the State plan pursuant to section 5(a)(4) of the Vocational Rehabilitation Act.

"'(3) In the case of any State which does not have a plan which meets the requirements of paragraph (2), the Secretary may provide such services by agreement or contract with other public or private agencies, organizations, institutions, or individuals.

"'(4) Payments under this subsection may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

"'(5) Money paid from the Trust Funds under this subsection to pay the cost of providing services to individuals who are entitled to benefits under section 223 (including services during their waiting periods), or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such individuals shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid out from the Trust Funds under this subsection shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Secretary shall determine according to such methods and procedures as he may deem appropriate—

"'(A) the total cost of the services provided under this subsection, and

"'(B) subject to the provisions of the preceding sentence, the amount of such cost which should be charged to each of such Trust Funds.

"'(6) For the purposes of this subsection the term "vocational rehabilitation services" shall have the meaning assigned to it in the Vocational Rehabilitation Act, except that such services may be limited in type, scope, or amount in accordance with regulations of the Secretary designed to achieve the purposes of this subsection.'"

At the top of page 344, to insert a new section, as follows:

"TEACHERS IN THE STATE OF MAINE

"SEC. 338. (a) Section 316 of the Social Security Amendments of 1958 is amended by striking out 'July 1, 1966' and inserting in lieu thereof 'July 1, 1970'.

"(b) The amendment made by this section shall be effective as of July 1, 1965."

After line 6, to insert a new section, as follows:

"MODIFICATION OF AGREEMENT WITH NORTH DAKOTA AND IOWA WITH RESPECT TO CERTAIN STUDENTS

"SEC. 339. Notwithstanding any provision of section 218 of the Social Security Act, the agreements with the States of North Dakota and Iowa entered into pursuant to such section may, at the option of the State, be modified so as to exclude service performed in any calendar quarter in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university and if the remuneration for such service is less than $50. Any modification of either of such agreements pursuant to this Act shall be effective with respect to services performed after an effective date specified in such modification, except that such date shall not be earlier than the date of enactment of this Act."

At the top of page 345, to insert a new section, as follows:

"QUALIFICATION OF CHILDREN NOT QUALIFIED UNDER STATE LAW

"SEC. 340. (a) Section 216(h) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"'(3) An applicant who is the son or daughter of a fully or currently insured individual, but who is not (and is not deemed to be) the child of such insured individual under paragraph (2), shall nevertheless be deemed to be the child of such insured individual if:

"'(A) in the case of an insured individual entitled to old-age insurance benefits (who was not, in the month preceding such entitlement, entitled to disability insurance benefits)—

"'(i) such insured individual—

"'(I) has acknowledged in writing that the applicant is his son or daughter,

"'(II) has been decreed by a court to be the father of the applicant, or

"'(III) has been ordered by a court to contribute to the support of the applicant because the applicant is his son or daughter,

and such acknowledgment, court decree, or court order was made not less than one year before such insured individual became entitled to old-age insurance benefits or attained age 65, whichever is earlier; or

"'(ii) such insured individual is shown by evidence satisfactory to the Secretary to be the father of the applicant and was living with or contributing to the support of the applicant at the time such insured individual became entitled to benefits or attained age 65, whichever first occurred;

"'(B) in the case of an insured individual entitled to disability insurance benefits, or who was entitled to such benefits in the month preceding the first month for which he was entitled to old-age insurance benefits—

"'(i) such insured individual—

"'(I) has acknowledged in writing that the applicant is his son or daughter,

"'(II) has been decreed by a court to be the father of the applicant, or

"'(III) has been ordered by a court to contribute to the support of the applicant because the applicant is his son or daughter,

and such acknowledgment, court decree, or court order was made before such insured individual's most recent period of disability began; or

"'(ii) such insured individual is shown by evidence satisfactory to the Secretary to be the father of the applicant and was living with or contributing to the support of that applicant at the time such period of disability began;

"'(C) in the case of a deceased individual—

"'(i) such insured individual—

"'(I) had acknowledged in writing that the applicant is his son or daughter,

"'(II) had been decreed by a court to be the father of the applicant, or

"'(III) had been ordered by a court to contribute to the support of the applicant because the applicant was his son or daughter,

and such acknowledgment, court decree, or court order was made before the death of such insured individual, or

"'(ii) such insured individual is shown by evidence satisfactory to the Secretary to have been the father of the applicant, and such insured individual was living with or contributing to the support of the applicant at the time such insured individual died.'

"(b) Section 202(d) of such Act is amended by inserting after '216(h))(2)(B)' the following: 'or section 216(h)(3)'.

"(c) The amendments made by subsections (a) and (b) shall be applicable with respect to monthly insurance benefits under title II of the Social Security Act beginning with the second month following the month in which this Act is enacted but only on the basis of an application filed in or after the month in which this Act is enacted."

On page 348, after line 11, to insert a new section, as follows:

"EMPLOYEES OF MEMBERS OF AFFILIATED GROUP OF CORPORATIONS

"SEC. 341. (a) Paragraph (1) of section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: 'If during any calendar year an employer which is a member of an affiliated group (as defined in section 1504(a), but determined without regard to sections 1504(b) and (c)) employs an individual who during such calendar year, and prior to the employment of such in-

dividual by such member, was an employee of another member of such affiliated group, then, for the purpose of determining whether such member has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $6,600 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such other member of such affiliated group during such calendar year, and prior to the employment of such individual by such member, shall be considered as having been paid by such member;'.

"(b) The amendment made by subsection (a) shall apply only with respect to remuneration paid after 1965."

On page 357, after line 9, to insert:

"(c) Section 1006 of the Social Security Act (as amended by section 221 of this Act) is amended by adding at the end thereof the following new sentence: 'Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1002 includes provision for—

"'(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"'(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the blind to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"'(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;

"'(4) periodic review by such State agency of the determination under paragraph (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and

"'(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made.'

"(d) Section 1405 of the Social Security Act (as amended by section 221 of this Act) is amended by adding at the end thereof the following new sentence: 'Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1402 includes provision for—

"'(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"'(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the permanently and totally disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"'(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;

"'(4) periodic review by such State agency of the determination under paragraph (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and

"'(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made.'"

On page 360, line 16, at the beginning of the line, strike out "(c)" and insert "(e)"; in line 21, after the word "Aged", to insert "Blind, and Disabled"; on page 361, after line 7, to strike out:

"(b) Effective January 1, 1966, section 1602(a)(14) of such Act is amended by striking out 'of the first $50 per month of earned income the State agency may, after December 31, 1962, disregard not more than the first $10 thereof plus one-half of the remainder' and inserting in lieu thereof the following: 'of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder'."

And in lieu thereof, to insert:

"(b) Effective January 1, 1966, section 1402(a)(8) of such Act is amended by inserting after the semicolon at the end thereof the following: 'except that, in making such determination, (A) of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and (B) the State agency may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of an individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan, but only with respect to the part or parts of such period during substantially all of which he is actually undergoing vocational rehabilitation:'.

"(c) Effective January 1, 1966, section 1602(a)(14) of such Act is amended to read as follows:

"'(14) provide that the State agency shall, in determining need for aid to the aged, blind, or disabled, take into consideration any other income and resources of an individual claiming such aid, as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—

"'(A) if such individual is blind, the State agency (i) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (ii) shall, for a period not in excess of 12 months, and may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan,

"'(B) if such individual is not blind but is permanently and totally disabled, (i) of the first $80 per month of earned income, the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and (ii) the State agency may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan, but only with respect to the part or parts of such period during substantially all of which he is actually undergoing vocational rehabilitation, and

"'(C) if such individual has attained age 65 and is neither blind nor permanently and totally disabled, of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder; and'."

On page 364, line 16, after the word "title" and the period, to strike out "Upon" and insert "Within 30 days after"; on page 365, line 4, after the word "after", to strike out "notice" and insert "it has been notified"; in line 13, after the word "Secretary", to strike out "unless substantially contrary to the weight of the evidence" and insert "if supported by substantial evidence"; in line 21, after the word "conclusive", to strike out "unless substantially contrary to the weight of the evidence", and insert "if supported by substantial evidence"; on page 366, line 10, after "(a)", to strike out "or (b)"; on page 370, line 6, after "(10)" to insert "and (11)(D)"; in line 7, after "(13)", to insert "and"; in line 10, after the word "such", to strike out "Act, any amount paid to any individual under title II of such Act, for months prior to the month in which payment of such amount is received, to the extent that such payment is", and insert "Act, any amount paid to any individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of section 326(a) of this Act), for any one or more months which occur after December 1964 and before the third month following the month in which this Act is enacted, to the extent that such payment is"; on page 371, after line 16, to strike out:

"TECHNICAL AMENDMENTS TO ELIMINATE PUBLIC ASSISTANCE PROVISIONS WHICH BECOME OBSOLETE IN 1967

"SEC. 408. (a) Except as provided in subsection (i)(2), the amendments made by this section shall become effective July 1, 1967.

"(b)(1) The heading of title I of the Social Security Act is amended by striking out 'and medical assistance for the aged'.

"(2) The first sentence of section 1 of such Act is amended to read as follows: 'For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals, and (b) of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help such individuals to attain or retain capability for self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.'

"(3) The second sentence of section 1 of such Act is amended by striking out ', or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged'.

"(4) The heading of section 2 of such Act is amended by striking out 'and medical'.

"(5) So much of section 2(a) of such Act as precedes paragraph (1) is amended by striking out ', or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged'.

"(6) Section 2(a)(9) of such Act is amended by striking out 'assistance for or on behalf of' and inserting in lieu thereof 'assistance to'.

"(7) Section 2(a) of such Act is further amended by striking out paragraphs (10) and (11) and inserting in lieu thereof the following:

"'(10) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming such assistance, as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination, of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder;

"'(11) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of assistance under the plan;

"'(12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of assistance under the plan to help them attain self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;'.

"(8) Section 2(a) of such Act is further amended by redesignating paragraphs (12) and (13) as paragraphs (13) and (14), respectively; and—

"(A) the paragraph so redesignated as paragraph (13) is amended—

"(i) by striking out 'or in behalf of' in the matter preceding clause (A), and

"(ii) by striking out 'section 3(a)(4)(A)(i) and (ii)' in clause (C) and inserting in lieu thereof 'section 3(a)(3)(A) (i) and (ii)'; and (B) the paragraph so redesignated as paragraph (14) is amended by striking out 'or in behalf of'.

"(9) Section 2(b)(2) of such Act is amended by striking out '(A) in the case of applicants for old-age assistance', and by striking out ', and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State'.

"(10) Section 2(c) of such Act is repealed.

"(11) So much of section 3(a)(1) of such Act as precedes clause (A) is amended by striking out 'during each month of such quarter' and inserting in lieu thereof 'during such quarter', and by striking out '(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(12) Section 3(a)(1)(A) of such Act is amended by striking out 'such month' where it first appears and inserting in lieu thereof 'any month', and by striking out '(which total number' and all that follows and inserting in lieu thereof '; plus'.

"(13) Section 3(a)(1)(B) of such Act is amended to read as follows:

"'(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $75 multiplied by the total number of such recipients of old-age assistance for such month;'.

"(14) Section 3(a)(2) of such Act is amended to read as follows:

"'(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of any expenditure with respect to any month as exceeds $37.50 multiplied by the total number of recipients of old-age assistance for such month,'.

"(15) Section 3(a)(3) of such Act is repealed.

"(16) Section 3(a)(4) of such Act is redesignated as section 3(a)(3).

"(17) Section 3(a)(5) of such Act is redesignated as section 3(a)(4), and as so redesignated is amended by striking out 'paragraph (4)' and inserting in lieu thereof 'paragraph (3)'.

"(18) Section 3(c) of such Act is amended by striking out 'paragraph (4)' each place it appears and inserting in lieu thereof 'paragraph (3)', and by striking out 'paragraph (5)' and inserting in lieu thereof 'paragraph (4)'.

"(19) The heading of section 6 of such Act is amended by striking out 'Definitions' and inserting in lieu thereof 'Definition'.

"(20) The first sentence of section 6(a) of such Act (as amended by this Act) is amended—

"(A) by striking out '(a)',

"(B) by striking out ', or (if provided in or after the third month before the month in which the recipient makes application for assistance) medical care in behalf of or any type of remedial care recognized under State law in behalf of,', and

"(C) by striking out 'or care in behalf of'.

"(21) Sections 6(b) and 6(c) of such Act are repealed.

"(c)(1) So much of section 403(a)(1) of such Act as precedes caluse (A) is amended by striking out '(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(2) Section 403(a)(1)(A) of such Act is amended by striking out clauses (i), (ii), and (iii) and inserting in lieu thereof the following: '(i) the number of individuals with respect to whom such aid is paid for such month plus (ii) the number of other individuals with respect to whom payments described in section 406(b)(2) are made in such month and included as expenditures for purposes of this paragraph or paragraph (2))'.

"(3) Section 403(a)(2) of such Act is amended by striking out '(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(4) So much of section 406(b) of such Act as precedes 'to meet the needs of the relative' where it first appears is amended to read as follows:

"'(b) The term "aid to families with dependent children" means money payments with respect to a dependent child or dependent children, and includes (1) money payments'.

"(5) Section 409(a) of such Act is amended by striking out '(other than for medical or any other type of remedial care)'

"(d)(1) So much of section 1003(a)(1) as precedes clause (A) is amended by striking out '(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(2) Section 1003(1)(A) of such Act is amended by striking out '(which total number' and all that follows and inserting in lieu thereof '; plus'.

"(3) Section 1003(a)(2) of such Act is amended by striking out '(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(4) Section 1006 of such Act is amended—

"(A) by striking out ', or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of or any type of remedial care recognized under State law in behalf of,', and

"(B) by striking out 'or care in behalf of'.

"(e)(1) So much of section 1403(a)(1) of such Act as precedes clause (A) is amended by striking out '(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(2) Section 1403(a)(1)(A) of such Act is amended by striking out '(which total number' and all that follows and inserting in lieu thereof '; plus'.

"(3) Section 1403(a)(2) of such Act is amended by striking out '(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(4) Section 1405 of such Act is amended—

"(A) by striking out ', or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of, or any type of remedial care recognized under State law in behalf of,', and

"(B) by striking out 'or care in behalf of'.

"(f)(1) The heading for title XVI of such Act is amended by striking out ', OR FOR SUCH AID AND MEDICAL ASSISTANCE FOR THE AGED'.

"(2) The first sentence of section 1601 of such Act is amended to read as follows: 'For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to needy individuals who are 65 years of age or over, are blind, or are 18 years of age or over and permanently and totally disabled, and (b) of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help such individuals to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.'

"(3) The second sentence of section 1601 of such Act is amended by striking out ', or for aid to the aged, blind, or disabled and medical assistance for the aged'.

"(4) The heading for section 1602 of such Act is amended by striking out ', or for such aid and medical assistance for the aged'.

"(5) So much of section 1602(a) of such Act as precedes paragraph (1) is amended by striking out ', or for aid to the aged, blind, or disabled and medical assistance for the aged,'.

"(6) Section 1602(a) of such Act is further amended by striking out 'or assistance' wherever it appears in paragraphs (4), (8), (10), (11), and (13).

"(7) Section 1602(a)(9) of such Act is amended by striking out 'aid or assistance to or on behalf of' and inserting in lieu thereof 'aid to'.

"(8) Section 1602(a) of such Act is further amended by striking out paragraph (15), and by redesignating paragraphs (16) and (17) as paragraphs (15) and (16), respectively; and—

"(A) the paragraph so redesignated as paragraph (15) is amended—

"(i) by striking out 'or in behalf of' in the matter preceding clause (A), and

"(ii) by striking out 'section 1603(a)(4)(A) (i) and (ii)' in clause (C) and inserting in lieu thereof 'section 1603(a)(3)(A) (i) and (ii)'; and

"(B) the paragraph so redesignated as paragraph (16) is amended by striking out 'or in behalf of'.

"(9) The last sentence of section 1602(a) of such Act is amended by striking out '(or for aid to the aged, blind, or disabled and medical assistance for the aged)'.

"(10) Section 1602(b) of such Act is amended—

"(A) by striking out 'or assistance',

"(B) by striking out '(A) in the case of applicants for aid to the aged, blind, or disabled', and

"(C) by striking out ', and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State'.

"(11) The last sentence of section 1602(b) of such Act is amended by striking out '(or for aid to the aged, blind, or disabled and medical assistance for the aged)' wherever it appears.

"(12) Section 1602(c) of such Act is repealed.

"(13) So much of section 1603(a)(1) as precedes clause (A) is amended by striking out 'during each month of such quarter' and inserting in lieu thereof 'during such quarter', and by striking out '(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)'.

"(14) Section 1603(a)(1)(A) of such Act is amended by striking out 'such month' where it first appears and inserting in lieu thereof 'any month', and by striking out '(which total number' and all that follows and inserting in lieu thereof'; plus'.

"(15) Section 1603(a)(1)(B) of such Act is amended to read as follows:

"'(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $75 multiplied by the total number of recipients of aid to the aged, blind, or disabled for such month;'.

"(16) Section 1603(a)(2) of such Act is amended to read as follows:

"(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to the aged, blind, or disabled under the State plan, not counting so much of any expenditure with respect to any month as exceeds $37.50 multiplied by the total number of recipients of aid to the aged, blind, or disabled for such month;'.

"(17) Section 1603(a)(3) of such Act is repealed.

"(18) Section 1603(a)(4) of such Act is redesignated as section 1603(a)(3), and as so redesignated is amended by striking out 'or assistance' wherever it appears.

"(19) Section 1603(a)(5) of such Act is redesignated as section 1603(a)(4), and as so redesignated is amended by striking out 'paragraph (4)' and inserting in lieu thereof 'paragraph (3)'.

"(20) Section 1603(b)(3) of such Act is amended by striking out 'or assistance' wherever it appears.

"(21) Section 1603(c) of such Act is amended by striking out 'paragraph (4)' wherever it appears and inserting in lieu thereof 'paragraph (3)', and by striking out 'paragraph (5)' and inserting in lieu thereof 'paragraph (4)'.

"(22) The first sentence of section 1605(a) of such Act (as amended by this Act) is amended—

"(A) by striking out '(a)',

"(B) by striking out ', or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of or any type of remedial care recognized under State law in behalf of,', and

"(C) by striking out 'or care in behalf of' each place it appears.

"(23) Section 1605(b) of such Act is repealed.

"(g)(1) Section 1902(a)(20)(C) of such Act is amended by striking out 'section 3(a)(4)(A) (i) and (ii) or section 1603(a)(4)(A) (i) and (ii)' and inserting in lieu thereof 'section 3(a)(3)(A) (i) and (ii) or section 1603(a)(3)(A) (i) and (ii)'.

"(2) Section 1903(a)(3)(A)(i) of such Act is amended by striking out 'section 3(a)(4)' and inserting in lieu thereof 'section 3(a)(4)'.

"(h) Section 618 of the Revenue Act of 1951 is amended by striking out '(other than section 3(a)(3) thereof)' and '(other than section 1603(a)(3) thereof'."

On page 384, after line 18, to insert:

"TECHNICAL AMENDMENTS RELATING TO PUBLIC ASSISTANCE PROGRAMS"

At the beginning of line 21, to strike out "(1)(1)" and insert "Sec. 408. (a)"; after line 22, to strike out:

"(A) by striking out '(other than section 3(a)(3) thereof)' and '(other than section 1603(a)(3) thereof)';"

On page 385, at the beginning of line 1, to strike out "(B)" and insert "(1)"; at the beginning of line 5, to strike out "(C)" and insert "(2)"; at the beginning of line 9, to strike out "(D)" and insert "(3)"; at the beginning of line 13, to strike out "(2)" and insert "(b)"; in the same line, after the word "by", to strike out "paragraphs (1)(B), (1)(C), and (1)(D)" and insert "subsection (a)"; at the beginning of line 18, to strike out "approved, or beginning on or after July 1, 1967, whichever is earlier", and insert "approved"; after line 19, to strike out:

"(j) Section 1109 of such Act is amended by striking out '2(a)(10)(A)' and inserting in lieu thereof '2(a)(10)'."

At the beginning of line 22, to strike out "(k)(1)" and insert "(c)(1)"; on page 386, at the beginning of line 1, to strike out "(1)" and insert "(d)"; after line 4, to insert:

"OPTOMETRISTS' SERVICES

"SEC. 409. Notwithstanding any other provisions of the Social Security Act, whenever payment is authorized for services which an optometrist is licensed to perform, the beneficiary shall have the freedom to obtain the services of either a physician skilled in diseases of the eye or an optometrist, whichever he may select."

After line 11, to insert:

"ELIGIBILITY OF CHILDREN OVER AGE 18 ATTENDING SCHOOL

"SEC. 410. Clause (2)(B) of section 406(a) of the Social Security Act is amended by striking out 'attending a high school in pursuance of a course of study leading to a high school diploma or its equivalent,' and inserting in lieu thereof 'attending a school, college, or university,'."

After line 18, to insert:

"DISREGARDING CERTAIN EARNINGS IN DETERMINING NEED OF CERTAIN DEPENDENT CHILDREN

"SEC. 411. Effective July 1, 1965, so much of clause (7) of section 402(a) of the Social Security Act as follows the first semicolon is amended by inserting after 'except that, in making such determination,' the following: '(A) the State agency may disregard not more than $50 per month of earned income of each dependent child under the age of 18 but not in excess of three in the same home, and (B)'."

Mr. JAVITS. Mr. President, I wish to ask the Senator another question, with relation to prescribed drugs. Was that subject considered by the committee? The Senator is familiar with my amendment.

Mr. LONG of Louisiana. Yes; it was.

Mr. JAVITS. Could the Senator give us the rationale for the committee's action?

Mr. LONG of Louisiana. It was felt by the committee and also by the Department of Health, Education, and Welfare that drugs so far as they were the type of drugs that the Department felt would be appropriate and of therapeutic value for use by the patient should be provided to persons who are in hospitals and also to persons who are in nursing homes. However, it would cost a great amount of money. In many instances, it would be subject to debate as to whether the Government should pay for drugs which, while not harmful to the people, might not necessarily be of benefit or of any therapeutic value.

Aged people take many drugs which, so far as we know, have no detrimental effect on them. However, we do not know that they do them any good. Some of the drugs are of psychological value to the aged people. I am thinking of the pink pills that we hear about which doctors give to people. When the people take these pink pills, they feel a lot better. However, all that the person is taking is a little sugar inside of the pill.

Many drugs are taken habitually by people. It is part of the general cost of living. This amendment would greatly increase the cost of the measure if it were included in the bill.

Mr. JAVITS. Mr. President, my amendment relates only to prescription drugs. These are subject to control by regulation of the Department. It would only affect the voluntary health care part of the bill. It would increase the amount contributed by the Federal Government and by the individual in the amount of 75 cents a month, each. However, it would also represent actuarial savings for the individual.

The committee may have had good reason for its action. I am merely relating the facts to the Senator. It would represent an actuarial saving for the individual of 25 percent of his health cost. Unfortunately—and, here, I know that I enlist the sympathy of the Senator, though he may not be in agreement with me on the amendment—we are dealing with a very high item of expense for the older people—prescription drugs.

A most beneficent effect may result from including prescription drugs in the bill and the supplementary coverage by virtue of the fact that it would have a tendency to hold down the cost, if nothing else, of cortisone and other drugs which are rather high priced items. This constitutes one of the real problems involved in medical care for the aged. We have been faced with the problem since 1949. As a matter of fact, the Senator from Kentucky [Mr. MORTON], who is in the Chamber at present, was interested in the first bill which was introduced in the House of Representatives in 1949 dealing with this subject.

With regard to the relationship between the amount of cost to the Government and the tremendous part of the health care cost for the aged which could be covered, the merits of the amendment are apparent. I wonder why the committee felt that they could not go along with this amendment.

Mr. LONG of Louisiana. I feel sure that we shall do something about drugs at some later time, if we fail to do it in

this bill. However, it is difficult to keep an accurate account or record of what medication people get in the drugstores on a week-to-week or month-to-month basis.

We would also have the problem that many drugs are common use drugs. The aged people could get the common use drugs under their health insurance and pass them on to other members of their family. For various and sundry reasons, and many of them relate to the cost of the program, it was felt that we should not include drugs outside the hospital at this time.

One reason that the drugs cost so much—and many of them cost 40 times what they ought to cost—is because of private patents on Government research. Drug firms get patents on drugs discovered under taxpayer-supported research. The Senator from Louisiana tried to do something about that a few days ago. I did not get much help from the Republican side of the aisle. However, I still hope that I shall be able to prevail at a later date and that we shall have drugs made available at a much lower cost. Many drugs are being sold at 40 times what they ought to sell for. Perhaps someday we can do something to make the drugs more competitive.

Mr. JAVITS. The Senator has been trying to have something done with regard to private patents on Government research, and I give him credit for his efforts. It is a very problematical thing as to what percentage of the drugs that would cover. However, I am confident that before we go home from this session, the Senator will have won his major point, which is that we should do something effective about this matter.

Mr. LONG of Louisiana. If we can do it in the field of health research, I shall be very satisfield. I just hope that we do not lose ground while we are trying to legislate in the area.

Mr. JAVITS. Mr. President, I am grateful that the Senator disclosed his position so frankly. It will help me in arguing the amendments dealing with factors which may influence the committee judgment.

Mr. LONG of Louisiana. Mr. President, I appreciate the interest of the Senator in the aged people of the country. The Senator is very consistent in this matter.

The Senator has advocated for many years that steps be taken in the health care field. I understand the Senator from New Mexico [Mr. ANDERSON] will speak on that today. The Senator from New Mexico has made a great contribution in this field, as has the Senator from Tennessee [Mr. GORE]. The Senator from Tennessee urged the basic legislation which was known as the Gore amendment in the previous Congress. We had the King-Anderson amendment in the Congress prior to that. It was the Senator from Tennessee who first prevailed in advocating the type of hospital plan provided for in this bill.

I look forward to working with the Senators in this matter and helping to get this legislation through the Senate. I know that the Senators will be extremely helpful in seeing that this measure will be passed by Congress.

Mr. JAVITS. The Senator very kindly brought to the attention of the Senate the fact that this fundamental plan is the one that has been approved by the Senate in both the name of the Senator from Tennessee and the name of the Senator from New Mexico. They were kind enough to include my name on that measure.

This amendment represents an enormous advance over everything that has gone before, including—with the greatest respect—the plans recommended by our beloved and departed President, then Senator Kennedy, and by Congressman KING and Senator ANDERSON.

I can only express the hope that the insurance companies of America realize the tremendous responsibility that they are foregoing or forfeiting in not having come forward with an effective plan following the efforts of the Senator from Tennessee, the Senator from New Mexico, and myself.

I hope very much that we shall dedicate ourselves not only to the passage of the bill, of which I am in favor, but also to efforts to see that we obtain the cooperation of the insurance companies of America in its implementation. We are deferring its implementation in the supplementary part precisely for the reason that we expect, and have a right to expect, cooperation.

I hope very much that what has been, in my judgment, a grave default in business statesmanship will be remedied in the ensuing 6-month period provided for in the bill.

I am grateful to my colleague for yielding.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. GORE. Mr. President, I express my thanks to both the junior Senator from Louisiana and the senior Senator from New York. They have made me feel so good, after a restful Fourth of July, that I respectfully suggest to the leader that we adjourn until 10 o'clock tomorrow morning in order to deal with the many amendments that have been submitted.

Mr. LONG of Louisiana. Mr. President, if we could obtain consent for the committees to meet, I would have no objection to the request.

Mr. JAVITS. Mr. President, I reserve the right to object—I shall not object.

Mr. ANDERSON. Mr. President, the bill now before the Senate, which has been so ably described by the distinguished Senator from Louisiana, will do much to give new meaning to the remaining years of millions of older Americans. The proposed comprehensive program of health insurance for older people alone represents a tremendous stride forward toward making economic security in old age a reality for the great majority of Americans.

It is appropriate that we are acting on the proposed legislation on the eve of the 30th anniversary of the original social security legislation. That act, adopted a generation ago, held forth the hope that the people of the United States should no longer approach old age in fear that in their later years they would live in want and deprivation.

And social security has accomplished much. The needs that were most urgent in that time of the great depression have now been largely met. Most Americans can expect in old age at least a modest income which can support a life perhaps not of luxury but of independence and dignity.

Times change and improve, but with these changes arise new challenges, new problems. The challenge facing this and future generations of older Americans is the fear that the heavy cost of illness or accident in old age will wipe out savings, threaten ownership of a home, and, after a lifetime of independence, force the aged to ask for help from public assistance or private charity, or to become dependent on their children. This is a threat for which only very few are now able to prepare.

Thomas Jefferson once said:

> Laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times.

Our favorable action on the urgently needed legislation pending before this body will demonstrate once again that the American Government has the ingenuity, the vitality, and the will to act to provide a good way of life for the people of our country when private measures are of no avail.

I am particularly pleased to have been permitted to play a part over the past several years in the development of the health insurance provisions in H.R. 6675 and to have been able to contribute to the great discussion and debate that has centered around the proposal.

I can recall very well the legislative climate during the latter part of the 1950's, in 1960, and in 1961, when I first introduced my bills for a so-called health care program. Only a small minority of the Finance Committee and the Senate supported the measure at the beginning of that period. At the time, we had surprisingly little detailed and completely authenticated information about the financial situation and health costs of older people. Furthermore, the ideas involved in the plan were new and unfamiliar to many. As we made the findings of new studies known and as the ideas in the plan were studied, we gained more and more supporters.

CONCLUSIONS FROM YEARS OF STUDY

Today, Mr. President, there is no longer any real issue over the burden health costs impose on the aged. In fact, over the long period that the proposal has been under consideration, the issue of whether further Government action is needed has been virtually eliminated. Agreement on these points is virtually unanimous.

It is no longer argued, for example, that older people can afford to pay for needed health cost protection. Careful study has verified what we who first supported the plan already believed. Studies revealed that almost one-half the aged have insufficient income to meet the typical public assistance budget. Well over one-half of the aged do not

have enough income to live at the level of what the Bureau of Labor Statistics refers to as a "modest but adequate" budget for retired people. Careful analysis has also revealed that about one-half of the aged could not live within this minimal budget even if they were to convert all their assets and savings to a lifetime income. Nor has the financial situation of the elderly improved and eliminated all their difficulties as some who opposed past proposals have hoped and predicted.

I can also recall the arguments advanced by those who believed that the health-cost problem faced by the aged could be met through expanded public assistance provisions. Many Senators no doubt recall that when the 1960 Kerr-Mills legislation was discussed in this Chamber, the chief proponent of the proposal expressed the belief that its enactment would benefit 10 million older Americans—well over one-half the aged at that time—that all medical care costs of this group would be fully covered, and that all this would happen in a matter of months.

Nearly 5 years of experience has shown that the cost of adequate medical assistance programs for even the most needy aged is beyond the capacity of the States without the availability of health insurance such as we are now about to enact. Ten States even today have yet failed to begin Kerr-Mills programs. Most of the older people who have benefited from the Kerr-Mills legislation were in the very poorest 10 percent of the aged, who were totally indigent and met all the requirements for old-age assistance. And even for the few who are helped, the scope of care available is often very limited despite the fact that the needy have nowhere else to turn.

Moreover, 5 years of experience with the Kerr-Mills legislation has made it crystal clear that, no matter how well designed and administered, that program is subject to the same serious inherent limitations as any other public assistance program. To people it symbolizes loss of independence and self-support because it requires avowal of failure. Moreover, public assistance has certain basic defects which make it ineffective as the major device for meeting the problem of the high health costs of the aged. The chief defect is that assistance programs do not prevent dependency—they can deal with it only after it has occurred.

Over the period of years since hearings were first held on the social security hospital insurance proposal, the ability of private health insurance to modify its provisions to meet the health insurance needs of the elderly has been tested. Senators will recall that when hearings on health insurance for the aged were conducted in the other body in 1959, certain opponents estimated that three-quarters of the older Americans who need and want health insurance would have protection by 1965. Today, only a little over one-half of the elderly have health insurance in any form. The number of aged people without any health insurance is nearly as large today as it was in 1959. And perhaps one older person in 20 has insurance covering as much as two-fifths of his health costs.

The years have piled up evidence in support of the social security hospital insurance proposal—for each passing year has brought with it new and more dramatic proof that:

First. The elderly generally have such modest financial resources that the great majority can neither afford the costs of expensive illness nor the costs of adequate insurance against those costs.

Second. That, because of their high health costs and for other reasons, adequate health insurance has been and continues to be out of the reach of most older people.

Third. That medical assistance for the aged and other forms of public assistance are not acceptable solutions to the problems the great majority of the elderly face at one time or another after retirement in meeting their high health costs.

Fourth. That the sound and practical solution is to add health insurance protection to the social security cash benefits. This approach—which is embodied in the bill now before us and in S. 1, the bill I introduced at the beginning of this Congress—would enable people to contribute to the cost of this protection while they work; when they reach age 65, they would have hospital insurance protection as an earned right without need to make further payments after retirement.

ACCEPTANCE OF QUALITY SAFEGUARDS

Mr. President, it is also a source of great satisfaction to me to see the widespread acceptance of many provisions of the proposed hospital insurance that were originally controversial. Particularly, I am pleased that the interest in quality of care paid for under the program has, over the years, won the endorsement of the health professions.

It was not long ago, Mr. President, that the idea of incorporating quality safeguards into the definitions of the institutions that participate in the proposed program was an issue. The idea of having participating hospitals maintain utilization committees, for example, was sometimes irresponsibly attacked even though it was favored by the experts in the field. Today, this requirement for the participation of hospitals in the proposed program is a valued feature of the proposal. It has been widely applied and where not already applied is being endorsed for near future application to avoid unneeded hospital use. Provision for utilization review mechanisms in hospitals would keep Government out of the business of reviewing hospital care by placing responsibility for hospital utilization where it belongs—with the hospital's own medical staff.

The idea of utilization review in hospitals is endorsed now by both the American Medical Association and the American Osteopathic Association. It is the growing knowledge that these are provisions that must be supported, and in fact have been supported and applied in many areas already, that accounts for the fact that responsible opposition to the provision for utilization review in the proposed hospital insurance has largely disappeared. The bill, even prior to its enactment, has had very valuable results in terms of improvements in the content of private health insurance, medical assistance, and even in quality of care—in nursing homes, for example.

In this very bill, the knowledge developed through considerations of our health insurance bills that there are ways to protect the aged against unsafe conditions has resulted in provisions to include safeguards to avoid having public assistance operate in such a way as to encourage the continued operation of programs that perpetuate unsafe nursing homes and other substandard institutions.

SUPPLEMENTARY MEDICAL INSURANCE

The addition of a voluntary supplementary insurance plan to the basic hospital insurance plan with costs kept low by means of Federal financial participation would assure all older persons will have access to good insurance against the cost of physicians' services and other health services.

While the proposed programs of basic and supplementary protection would, in combination, provide relatively complete coverage, there still would be ample opportunity for continuing growth of the private effort in the health insurance field, since the 90 percent of the population who are under 65 would not be covered by the proposed programs. Furthermore, some older people would want health benefits in addition to these provided under the two proposed programs. The Health Insurance Association has reported that supplementary insurance to the aged covering the costs of such items as drugs and private duty nursing will be offered.

MEDICAL ASSISTANCE IMPROVEMENTS

The third resource that the bill would bring into play in solving the problems caused by high health costs in old age is public assistance. The bill would make a number of improvements in the assistance provisions which, together with the two health insurance plans, would enable the medical assistance program to be more effective in the role most appropriate for it—that is, it would enable the medical assistance effort to be focused more successfully on the relatively small number of the aged whose nursing home needs or other circumstances are such that they will be unable to meet their health costs through a combination of social and private insurance and individual savings.

SOCIAL SECURITY APPROACH

But of primary importance is acceptance of the proposition that social insurance is the key to the solution to the problem of financing health costs in old age. The social security approach—and only such an approach—provides assurance that practically everyone will have needed hospital insurance protection in old age as an earned right. Under social insurance, people are able to pay toward the basic health insurance protection they will need in old age at the time of life when they can best afford to do so—when they are working and earning.

It is fitting that this Nation should choose social insurance to assist its citizens in financing the high health costs that come with advancing years. For

social insurance places its emphasis on that characteristic which distinguishes our free democratic society from others—dignity of the individual. Social insurance rests on the principle that we Americans prize—that each should so far as possible pay his own way and be beholden to no one. In accordance with this principle benefits are paid to each as a consequence of his contributions. The system we chose to protect ourselves and our families against the financial consequences of old age, disability or death is based on this concept and naturally we turn to it again for a solution to the problem of financing health costs in old age.

CONCLUSION

Mr. President, I mentioned at the beginning of my statement that shortly we will celebrate the 30th anniversary of the signing of the Social Security Act. For millions of Americans, with that one stroke of the pen, insecurity and fear were transformed into hope, and poverty and hunger were transformed into a decent life. But the job which America set out to do in 1935 is not yet done. At that time Franklin Roosevelt said:

This law represents a cornerstone in a structure which is being built, but which is by no means complete.

As one who had the privilege of knowing Franklin Delano Roosevelt and understanding in some measure his hopes, dreams and aspirations for the social security program, I think I can say this bill is not only destined to become one of the most important contributions to security in old age but also a major element to completing the structure he had in mind when the social security law was enacted 30 years ago. We would be unfaithful to that historic achievement if we did not look beyond the accomplishments of the past and struggle to fulfill the potential of the American society.

I urge my colleagues to join in voting for passage of H.R. 6675.

DIFFERENCES IN THE BILL

Mr. President, in January, 44 Senators joined me in introducing S. 1, the omnibus social security measure, which included a provision for health insurance for the aged. It is a close relative of H.R. 6675, the bill which the House passed in April, and of the measure which the Committee on Finance has reported and is now pending in the Senate.

To help Senators who may want to compare the differences in these three bills, I have had prepared by the Department of Health, Education, and Welfare a tabular summary comparison.

I ask unanimous consent to have it printed in the RECORD.

There being no objection, the summary comparison was ordered to be printed in the RECORD, as follows:

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*Summary comparison of provisions of S. 1 with H.R. 6675 as passed by the House of Representatives and as reported by the Senate Finance Committee*

I. HEALTH INSURANCE PROVISIONS

| S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|
| | *Brief description* | |
| Provides a program of hospital insurance for the aged financed through increased social security contributions. | Provides two coordinated health insurance programs for the aged: (1) A basic hospital insurance program financed through a special payroll tax; and (2) a voluntary supplementary insurance program financed through premium payments from participants and matching payments from Federal general revenues. | Same as House bill. |
| | *Eligibility* | |
| Hospital insurance:<br>All people 65 and over entitled to monthly OASI or railroad retirement benefits would be eligible.<br>Also, persons not eligible for such monthly benefits who reach 65 before 1968, or reach 65 after 1967 and have 3 quarters of OASI coverage for each year elapsing after 1965 and before age 65, would be eligible—excluding persons who are or could have been enrolled in a health benefits plan under the Retired Federal Employees Health Benefits Act (which covers employees who retired before July 1960) or under the Federal Employees Health Benefits Act of 1959 (which covers primarily active employees). Also excludes aliens with less than 10 years of continuous residence and subversives | Same provision as S. 1. | Same provision as House bill. |
| Supplementary insurance:<br>No provision. | Similar to S. 1 but does not exclude persons who are or could have enrolled in plans under the Retired Federal Employees Health Benefits Act.<br>All people age 65 and over who are residents of the United States and who are citizens or lawfully admitted to permanent residence would be eligible to enroll. | Similar to House bill but does not exclude persons who could have been but are not enrolled in a plan under the Federal Employees Health Benefits Act of 1959—excludes only those actually enrolled.<br>Similar to House bill, but adds requirement that aliens must have resided continuously in United States for 10 years immediately preceding application for enrollment. |
| | *Benefits* | |
| Hospital insurance program:<br>1. Inpatient hospital services for up to 60 days in each spell of illness, with a deductible equal to the average cost of 1 day of care. Excludes physicians' service except those of interns and residents under approved teaching programs and certain specialists' services—in the field of pathology, radiology, physiatry, or anesthesiology. Excludes services in tuberculosis and psychiatric hospitals.<br>2. Posthospital extended care services (in facility which has a transfer agreement with a hospital) for up to 60 days in a spell of illness. | 1. Differs from S. 1 in that physicians' services in the four specialty fields would be excluded; services in tuberculosis hospitals would be covered; deductible would be $40 (increased if necessary, but no earlier than 1969, to keep pace with increases in hospital costs).<br>2. Up to 20 days covered, plus an additional 2 days of services (up to a maximum of 80 additional days) for each unused day of inpatient hospital services. | 1. Similar to House bill, but increases to 120 the number of days for which inpatient hospital services would be covered; adds provision for patient to share in the cost of each day of hospital care after the 60th day through a $10 coinsurance payment for each such day; provides coverage of services furnished in both tuberculosis and psychiatric hospitals.<br>2. Up to 100 days covered; patient would share in the cost of each day of extended care services after 20th day through a $5 coinsurance payment for each such day; no provision for substituting days of posthospital extended care for days of inpatient hospital services, as in House bill.<br>Coinsurance payments in 1 and 2, above, represent one-fourth and one-eighth, respectively, of inpatient hospital deductible and would increase when deductible increases. |

*Summary comparison of provisions of S. 1 with H.R. 6675 as passed by the House of Representatives and as reported by the Senate Finance Committee—Continued*

I. HEALTH INSURANCE PROVISIONS—continued

| S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|
| | *Benefits*—Continued | |
| 3. Home health services—Intermittent nursing care, therapy, part-time home health aid services, services of interns and residents under approved teaching program of hospital with which home health agency is affiliated furnished in patient's residence under plan established by physician, for up to 240 visits per calendar year. | 3. Similar to S. 1, but coverage is on a posthospital basis, for up to 100 visits in the year after hospital discharge. Patient must be homebound except that he could be taken to a hospital, extended-care facility or home health agency to receive services requiring equipment that cannot readily be taken to patient's home. | 3. Similar to House bill, but coverage is for up to 175 visits. |
| 4. Outpatient hospital diagnostic services, as required, but subject to a deductible equal to average cost of one-half day of inpatient hospital care for services furnished within 30-day period. | 4. Similar to S. 1, except that deductible would be $20 (subject to increase as in 1 above) for each diagnostic study, i.e., services furnished in a 20-day period by the same hospital. Deductible could be credited against inpatient hospital deductible if hospitalization (in the same hospital) follows within 20 days. | 4. Similar to H.R. 6675, but eliminates provision for crediting outpatient deductible against inpatient hospital deductible; provides instead for outpatient deductible paid by patient to be counted as a reimbursable expense under the supplementary insurance plan; provides for payment by the program of 80 percent rather than 100 percent of outpatient hospital diagnostic costs above the deductible amount, the remainder to be paid by the patient. |
| Supplementary insurance program: No provision. | Payment of 80 percent of reasonable charges or cost, as provided, above a $50 annual deductible, for physicians' services, inpatient psychiatric hospital services up to 60 days in a spell of illness (180-day lifetime limit), home health services up to 100 visits during a calendar year, and a variety of special medical and other health services. Effective date: July 1, 1966. | Similar to House bill, except that inpatient psychiatric hospital services would be covered under the basic hospital insurance plan, rather than the supplementary plan. Effective date: January 1, 1967. |
| | *Complementary private insurance* | |
| Nonprofit associations of private insurers would be authorized to develop and offer for sale to aged persons health benefits plans covering costs not met under the Government program—specifically, plans covering most of the costs of physicians' services. These activities of private insurers would be exempt from Federal and State antitrust laws. | No provision. | No provision. |
| | *Costs* | |
| Hospital insurance: Level cost of 1.21 percent of payroll estimated on basis of high cost assumptions used for H.R. 6675. | Level cost of 1.23 percent of payroll. About $2.26 billion for first year program in full operation (1967), plus $275 million from Federal general revenues for persons not entitled to monthly OASI or railroad retirement benefits. | Level cost of 1.32 percent of payroll. About $2.36 billion for first year program in full operation (1967), plus $285 million from Federal general revenues for persons not entitled to monthly OASI or railroad retirement benefits. |
| Supplementary Insurance: No provision. | For first year program in full operation (1967) if 80 percent of the eligible aged enrolled, about $840 million to $1.12 billion; if 95 percent of the eligible aged enrolled, about $995 million to $1.33 billion. | For first year program in full operation (1968) if 80 percent of eligible aged enrolled, about $830 million to $1 billion; if 95 percent of the eligible aged enrolled, about $985 million to $1.19 billion. |
| | *Financing* | |
| Hospital insurance program: By allocating to a separate hospital insurance trust fund 0.60 percent of taxable wages under social security paid in 1966; 0.76 percent of taxable wages paid in 1967 and 1968; and 0.90 percent of taxable wages paid thereafter. Allocations of 0.45, 0.57, and 0.675 percent of self-employment income taxable under social security would be made, respectively, in the taxable years 1966, 1967–68, and 1969 and thereafter. Earnings base of $5,600. | By separate payroll taxes paid to a separate hospital insurance trust fund. Amount of earnings subject to tax would be same as for OASDI, $5,600 in 1966 rising to $6,600 in 1971. The contribution rate, the same for employees, employers, and self-employed persons, is based on estimates of cost which assume that the earnings base will not be increased above $6,600 and would be as follows: | By separate payroll taxes paid to a separate hospital insurance trust fund. Amount of earnings subject to tax would be same as for OASDI, $6,600. The contribution rate, the same for employees, employers, and self-employed persons, is based on estimates of cost which assume that the earnings base will not be increased above $6,600, and would be as follows: |
| | | |
| | Percent | Percent |
| | 1966 ..... 0.35 | 1966 ..... 0.325 |
| | 1967–72 ..... .50 | 1967–70 ..... .50 |
| | 1973–75 ..... .55 | 1971–72 ..... .55 |
| | 1976–79 ..... .60 | 1973–75 ..... .60 |
| | 1980–86 ..... .70 | 1976–79 ..... .65 |
| | 1987 and after ..... .80 | 1980–86 ..... .75 |
| | | 1987 and after ..... .85 |
| Costs of paying benefits for persons not entitled to monthly OASI or railroad retirement benefits financed from Federal general revenues. | Same provision. | Same provision. |
| Authorizes Secretary of Treasury to require that W–2 forms show the proportion of the total social security tax withheld which is for financing hospital insurance. | Requires that W–2 forms show the proportion of the total payroll tax withheld which is for financing hospital insurance. | Same as House bill. |

*Summary comparison of provisions of S. 1 with H.R. 6675 as passed by the House of Representatives and as reported by the Senate Finance Committee*—Continued

I. HEALTH INSURANCE PROVISIONS—continued

| S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|
| | *Financing*—Continued | |
| Supplementary insurance program:<br>No provision. | By $3 a month premium payments from enrollees and matching amounts from Federal general revenues paid to a separate trust fund. Where enrollee is currently receiving monthly social security or railroad retirement benefits, the premiums would be deducted from his benefits. | Same as House bill except permits deduction of premium from Federal civil service benefits. |
| | *Administration* | |
| Hospital insurance:<br>The Secretary of HEW would be authorized to use appropriate State agencies and private organizations to assist in administration. State agencies under an agreement would be used to determine and certify eligibility of providers to participate. Hospitals and other providers of services could nominate public agencies or private organizations to receive and pay bills in lieu of dealing directly with Government. Secretary could delegate additional administrative functions to designated organizations. | Similar to S. 1. Differs mainly in that Secretary required to use State agencies in determining eligibility of providers of services to participate. | Same as provision of House bill. |
| Supplementary insurance:<br>No provision. | Under the Secretary of HEW who would be required, to the extent possible, to contract with carriers to carry out the major administrative functions relating to the medical aspects of the program such as determining rates of payments and holding and disbursing funds for benefit payments. | The Secretary would be authorized to enter into contracts with carriers and, with respect to functions involving payment for physicians' services, the Secretary would be required, to the extent possible, to enter into such contracts. |
| | *Income tax deduction provisions* | |
| No provision. | The provision in the income tax law which limits medical expense deductions to amounts in excess of 3 percent of adjusted gross income for persons under 65 would be reinstituted for persons 65 and over. A special deduction (applicable to taxpayers of all ages who itemize deductions) of one-half of premiums paid for medical expense insurance (including certain premiums paid before age 65 for such insurance effective after reaching age 65) would be added. Such special deduction could not exceed $250 per year. | No substantive provision. |

II. OASDI PROVISIONS

| Amendment | S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|---|
| 1. Benefit increase | 7 percent | 7 percent; $4 minimum in PIA | 7 percent; $4 minimum in PIA. |
| 2. Contribution base | 1966, $5,600 | 1966, $5,600; 1971, $6,600 | 1966, $6,600. |
| 3. Payment of limited benefits to certain aged people | No | Yes | Yes. |
| 4. Continuation of child's benefits beyond age 18 while attending school. | No | Yes | Yes. |
| 5. Actuarially reduced benefits for widows at age 60 | No | Yes | Yes. |
| 6. Benefits for divorced wife or widow | No | Yes | Yes. |
| 7. Liberalization of retirement test | No | Yes, $1 for $2 to $2,400; $1 for $1 above $2,400. | Yes, $1,800 exempt amount; $1 for $2 to $3,000; $1 for $1 above $3,000. |
| 8. Exclusion of royalties on works copyrighted before age 65 from retirement test. | No | Yes | Yes. |
| 9. Coverage of physicians | Yes, for taxable years ending after 1965. | Yes, for taxable years ending after 1965. | Yes, effective for taxable years ending on or after Dec. 31, 1965. |
| 10. Coverage of tips | Yes, as wages plus withholding for income-tax purposes. | Yes, as wages plus withholding for income-tax purposes. | Yes, as self-employment income. |
| 11. Addition of Alaska and Kentucky to States that may cover State and local employees under divided retirement system provision. | Yes | Yes | Yes, but deletes Kentucky. |
| 12. Extension of period for electing coverage by State and local employees whose group was covered under the divided retirement system provision. | Yes | Yes | Yes. |
| 13. Coverage of certain hospital employees in California | Yes | Yes | Yes. |
| 14. Reopening of special provision giving Maine until July 1, 1970 (rather than July 1, 1965), to treat teaching and nonteaching employees who are in the same retirement system as though they were under separate retirement systems. | No | No | Yes. |
| 15. Permit Iowa and North Dakota to modify their agreements to exclude services performed by students, including services already covered, in the employ of a school, college, or university in any calendar quarter if the remuneration for such services is less than $50. | No | No | Yes. |
| 16. Additional retroactive coverage of nonprofit organizations, and validation of coverage of certain employees of such organizations. | No | Yes | Yes, but gives employees to whom additional retroactive coverage is applicable an individual choice of such coverage. |
| 17. Permit employees whose wages were erroneously reported by a nonprofit organization during the period the organization's waiver certificate was in effect to validate such erroneously reported wages. | No | No | Yes. |

*Summary comparison of provisions of S. 1 with H.R. 6675 as passed by the House of Representatives and as reported by the Senate Finance Committee*—Continued

| Amendment | S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|---|
| 18. Permits social security credit to be obtained for the earnings of certain ministers who died or filed waiver certificates before Apr. 16, 1965, where such earnings were reported for social security purposes but cannot be credited under present law. | No | No | Yes. |
| 19. Coverage of certain employees of the District of Columbia. | No | Yes | Yes. |
| 20. Increase in gross income in determining net income of farmers. | No | Yes | Yes. |
| 21. Exemption from social security of certain religious sects. | No | Yes | Yes. |
| 22a. Elimination of the indefinite duration requirement from the definition of disability. | No | Yes | Yes. |
| 22b. Worker eligible for disability benefits if totally disabled for 6 months. | No | Yes | No. |
| 22c. Worker eligible for disability benefits if impairment expected to result in death or has lasted or expected to last 12 months. | No | No | Yes. |
| 22d. Payment of rehabilitation services for beneficiaries from trust funds. | No | No | Yes. |
| 22e. SSA to make certain disability determinations | No | No | Yes. |
| 22f. Disability benefits offset | No | No | Yes. |
| 22g. Payment of benefits to children disabled before reaching age 22. | No | No | Yes. |
| 22. Extension of life of application for social security benefits. | No | No | Yes. |
| 23. Payment of a benefit for the 6th month of disability | No | Yes | No. |
| 24. Payment of benefits for 2d disabilities without regard to waiting period only if 1st period lasted at least 18 months. | No | Yes | No. |
| 25. Payment of disability benefits after entitlement to other monthly benefits. | No | Yes | Yes. |
| 26. Extension of period for filing proof of support and for lump-sum death payment. | Yes | Yes | Yes. |
| 27. Adoption of child by retired worker | No | Yes | Yes. |
| 28. Timing of future advisory councils | Yes | Schedules next council report for 1970 and every 5th year thereafter. | Yes, as passed by House. |
| 29. Preservation of railroad retirement coordination | Yes | Yes | Yes. |
| 30. Disability insurance trust fund allocation | 0.67 percent of wages; 0.4875 percent of self-employment income. | 0.75 percent of wages; 0.5625 percent of self-employment income. | 0.70 percent of wages; 0.525 percent of self-employment income. |
| 31. Reimbursement for military service credits | Yes | Yes | Yes. |
| 32. Frequency of trustees' meetings | Permits trustees to meet annually rather than every 6 months. | Yes | Yes. |
| 33. Additional executive positions in DHEW | No | No | Yes, 1 Under Secretary and 2 Assistant Secretaries. |

34a. Tax rates (OASDI):

[In percent]

| Calendar years | Employee and employer, each | Self-employed | Employee and employer, each | Self-employed | Employee and employer, each | Self-employed |
|---|---|---|---|---|---|---|
| 1965 | | | | | | |
| 1966–67 | 4.25 | 6.4 | 4.0 | 6.0 | 3.85 | 5.8 |
| 1968 | 5.0 | 7.5 | 4.0 | 6.0 | 3.85 | 5.8 |
| 1969–70 | 5.0 | 7.5 | 4.4 | 6.6 | 4.45 | 6.7 |
| 1971 and after | 5.2 | 7.8 | | | | |
| 1971–72 | | | 4.4 | 6.6 | 4.45 | 6.7 |
| 1973 and after | | | 4.8 | 7.0 | 4.90 | 7.0 |

34b. Tax rates (hospital):

| Calendar years | Employee and employer, each | Self-employed | Employee and employer, each | Self-employed | Employee and employer, each | Self-employed |
|---|---|---|---|---|---|---|
| 1966 | | | 0.35 | 0.35 | 0.325 | 0.325 |
| 1967–70 | | | .50 | .50 | .50 | .50 |
| 1971–72 | | | .50 | .50 | .55 | .55 |
| 1973–75 | | | .55 | .55 | .60 | .60 |
| 1976–79 | | | .60 | .60 | .65 | .65 |
| 1980–86 | | | .70 | .70 | .75 | .75 |
| 1987 and after | | | .80 | .80 | .85 | .85 |

| Amendment | S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|---|
| 35. Broadens definition of child to include illegitimate child of worker without regard to State law. | No | No | Yes. |
| 36. Automatic annual recomputation | Yes | Yes | Yes. |
| 37. Exception to 1-year duration-of-marriage requirement extended to spouse who had actual or potential entitlement under Railroad Retirement Act. | | | |
| 38. Benefits (50 percent of PIA) based on prior spouse's earnings would be payable to widows (age 60 or over) and widowers (age 62 or over) who remarry. | No | No | Yes. |
| 39. Authorize survivor of joint benefit check to cash check | No | No | Yes. |
| 40. Facilitate adjustment of overpayments and underpayments. | No | No | Yes. |
| 41. Authorize court to set a reasonable fee for attorneys who successfully represent claimants for social security benefits. | No | No | Yes. |

III. PUBLIC ASSISTANCE PROVISIONS

| Amendment | S. 1 | H.R. 6675 as passed by the House | H.R. 6675 as reported by the Senate Finance Committee |
|---|---|---|---|
| 1. Improvement and extension of Kerr-Mills program | No | Yes | Yes. |
| 2. Prohibition removed on Federal participation in assistance to aged TB and mental institution patients. | Yes | Yes | Yes. |
| 3. Federal matching share of assistance increased | Yes | Yes | Yes. |
| 4. Liberalization of earnings which may be disregarded in determining need of aged assistance recipients. | Yes | Yes | Yes. Provisions included for earnings exemptions for children and disabled. |
| 5. Simultaneous payment of OAA and MAA for month OAA recipients enter or leave hospital or nursing home. | Yes | Yes | Yes. |
| 6. Protective payment to 3d party for aged incompetents | Yes | Yes | Yes. Extended to blind and disabled. |
| 7. Disregarding of part of social security benefits in determining need for public assistance. | No | Yes, but only to extent of retroactive benefit increase and for child's benefit beyond age 18 while in school. | Same as House-passed bill. |
| 8. Administrative and judicial review of determinations | No | Yes | Yes. |
| 9. Maintenance of level of State assistance spending | No | Yes | Yes. |

## SOCIAL SECURITY AMENDMENTS OF 1965

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, ordinarily the procedure would be to consider the remaining committee amendment. However, Senators who wish to oppose the committee amendment desire more time in which to prepare their case and discuss their position. That being the case, I ask unanimous consent that the remaining committee amendment be passed over at this time, so that other amendments may be offered and considered.

The PRESIDING OFFICER. Is there objection? None is heard, and it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I offer the amendment which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 171, following the language on line 12, it is proposed to insert a new paragraph as follows:

"(23) provide that any individual entitled to medical assistance may obtain such medical assistance from any institution, agency, or person qualified to perform the service or services required who undertakes to provide him such services."

Mr. WILLIAMS of Delaware. Mr. President, this amendment is consistent with the policy that has been enunciated in the proposed legislation; that is, that the patient under medical care programs should be afforded freedom of choice in obtaining health services from any qualified institution, agency, or person. This policy is set forth in section 1802 for both the basic hospital insurance and the voluntary supplementary programs. I believe it only fitting and proper that a similar declaration be placed in title XIX—the third layer of the cake—the new medical assistance program for the needy and the medically needy.

I believe that the people who must rely on this program because of insufficient income and resources are entitled to the same prerogatives as those who come under the other two health insurance programs provided in the bill. The choice of one's own doctor and other provider of health services is a right which should be enjoyed by all Americans.

I understand that the Senator in charge of the bill is willing to take the amendment to conference to see if a solution cannot be reached.

Mr. LONG of Louisiana. Mr. President, in the consideration of the measure in committee, the Senator from Delaware was most helpful in urging, even though he opposed certain parts of the bill and, as I recall, voted against the bill itself, that we should undertake to proceed expeditiously with the consideration of the bill. It was understood in committee that in the event some matter we might have overlooked should subsequently come to light, it would be considered and that we would confer and see if we could agree on it and offer it on the floor of the Senate.

The amendment the Senator from Delaware has offered was agreed to by the Senate in a previous Congress when offered by the former Senator from Minnesota, Mr. HUMPHREY. The amendment was taken to conference, but the House would not accept it. I know that the Senator from Delaware realizes what the problem will be in conference. He has indicated that in the event the House is adamant and will not accept the amendment, we might have to yield on it after it had been considered and an effort had been made to persuade the House to accept it. With that understanding and on that basis, I am happy to accept the amendment, and shall urge the House to consider and accept it.

Mr. WILLIAMS of Delaware. I thank the Senator from Louisiana.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JAVITS. Mr. President, I again suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 160, line 13, before the semicolon, it is proposed to insert the following: "or provide for distribution of funds from Federal or State sources, for carrying out the State plan, on an equalization or other basis which in the judgment of the Secretary will assure that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan."

Mr. JAVITS. Mr. President, the purpose of the amendment is to deal with the Kerr-Mills matching problem in States where both counties and the State government supply the non-Federal funds.

In New York State, and in other States, that is the situation. The bill as presently worded, however, would oblige the States alone to supply this matching money after 1970. My amendment has been worked out, insofar as its technical detail is concerned, with the Department of Health, Education, and Welfare. The amendment would allow—subject to the appropriate discretion of the Secretary—a State to share this burden with local governments so long as the program was not jeopardized. The amendment affords an opportunity to the local government to participate and vests discretion in the Secretary.

Therefore, if the counties are able to contribute and the Secretary is satisfied, that they will contribute the State ought to be in a position to make that arrangement.

I have submitted the amendment to the distinguished Senator in charge of the bill, the junior Senator from Louisiana. I hope very much that he feels justified in accepting the amendment.

Mr. LONG of Louisiana. Mr. President, the amendment raises a problem that exists in New York State and other States. I do not believe that the situation exists in Louisiana or in a majority of the States. However, the department has examined the amendment and finds merit to it. I believe that the amendment should be considered in conference. I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum——

Mr. LONG of Louisiana. Mr. President, will the Senator withhold that request?

Mr. JAVITS. Yes.

Mr. LONG of Louisiana. Mr. President, this bill has been before the Senate since July 1. In certain respects there is an urgency involved, because this is the same measure that died in conference last year between the Senate and the House. It involves many persons who have children in school, and many other persons, for whom increases are provided retroactively, because Congress has been slow to act in this matter. It should have acted before now.

The committee has acted expeditiously in the matter of bringing the bill to the

floor. It did so as rapidly as it could. We are ready to legislate. We have been ready since July 1. I urge Senators who have amendments to offer to come on the floor and offer them, so the Senate may act.

I am on notice that unanimous consent requests to limit time will not be granted even as to amendments offered by individual Senators, which seems to me to be ridiculous, because if a Senator offers an amendment, he has complete control of it. He can withdraw it if he so desires, or debate it and bring it to a vote. So I hope Senators who have amendments to offer will do so.

We are willing to consider and agree to certain amendments. If we agree to them, we will take them. If we cannot agree, we will fight them. At any rate, Senators should be present.

I am hopeful that Senators who have amendments to be considered will offer them and let them be considered, and not ask the Senate to take a great deal of time next week doing things it should be doing now. It may make the difference between adjourning in August or in November.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. At the present moment when we are considering amendments, there are only five Senators in the chamber. Without considering the question of whether we are facing a sit-down strike or not, one way to proceed is to have a third reading of the bill.

Mr. LONG of Louisiana. The Senator knows that that would be objected to. There will be quorum calls and speeches. The bill will not be passed today. But there are Senators right now working on amendments which they believe have merit.

I hope Senators who have amendments to offer will bring them in today. I hope they will not ask us to wait 2 or 3 days, and that they will not object to unanimous-consent agreements even when they control the amendments. I hope they will permit us to do our business and to get through with this session, and enable us to get home and see our constituents and get to see our families, rather than keep the Senate here until December.

Mr. DOUGLAS. I will request the Chair to make a ruling that, if there are no further amendments to be offered, the Senate proceed to the third reading of the bill.

Mr. LONG of Louisiana. That will not happen, because there will be objection.

Mr. DOUGLAS. Let us see if there is objection and where the objection comes from.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I suggest that the Senate proceed to the third reading of the bill.

Mr. BYRD of West Virginia. Mr. President——

The PRESIDING OFFICER. The Senator from West Virginia.

AMENDEMENT NO. 307

Mr. BYRD of West Virginia. Mr. President, I call up my amendment No. 307.

The PRESIDING OFFICER. The amendment offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK. On page 349, between lines 12 and 13, insert the following:

REDUCED OLD-AGE BENEFITS, WIFE'S BENEFITS, HUSBAND'S BENEFITS, WIDOWER'S BENEFITS, PARENT'S BENEFITS AT AGE 60

SEC. 342. (a)(1) Paragraph (1)(B) of section 202(f) of the Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".

(2) Paragraph (3) of such section (as amended by section 333(b)(2) of this Act) is amended by inserting "and in subsection (q)" after "(5)".

(3) Paragraph (5) of such section (as amended by section 333(b)(1) of this Act) is amended by striking out "62" and inserting in lieu thereof "60".

(b)(1) Paragraph (1)(A) of section 202 (h) of the Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".

(2) Paragraph (2)(A) of such section is amended by inserting "and in subsection (q)" after "(C)".

(3) Paragraph (2)(B) of such section is amended by inserting "and in subsection (q)" after "(C)".

(c) The heading of section 202(q) of such Act (as amended by section 304(b) of this Act) is amended to read as follows: "REDUCTION OF OLD-AGE, DISABILITY, WIFE'S, HUSBAND'S, WIDOW'S, WIDOWER'S, OR PARENT'S INSURANCE BENEFIT AMOUNTS".

(d)(1) Paragraph (1) of section 202(q) of the Social Security Act (as amended by section 307(b)(1) of this Act) is amended by striking out "or widow's" each place it appears and inserting in lieu thereof ", widow's, widower's, or parent's".

(2)(A) Paragraph (3) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" each place it appears and inserting in lieu thereof ", widow's, widower's, or parent's".

(B) Such paragraph is further amended by striking out "a widow's" each place it appears and inserting in lieu thereof "a widow's, widower's, or parent's".

(C) Such paragraph is further amended by striking out "such widow's" each place it appears and inserting in lieu thereof "such widow's, widower's, or parent's".

(D) Such paragraph is further amended by striking out "she" each place it appears and inserting in lieu thereof "he".

(E) Such paragraph is further amended by striking out "the age of 62" in subparagraphs (F) and (G) and inserting in lieu thereof "the age of 60".

(3) Paragraph (6) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, widower's, or parent's".

(4)(A) Paragraph (7) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, widower's, or parent's".

(B) Clause (E) of such paragraph (7) is amended by striking out "widow's" and inserting in lieu thereof "widow's, widower's, or parents's"; by striking out "she" each place it appears and inserting in lieu thereof "he"; and by striking out "her" and inserting in lieu thereof "his".

(5) Paragraph (9) of such section (as amended by section 307(b)(8)) is amended by striking out "a widow's" and inserting in lieu thereof "a widow's, widower's, or parent's".

(e)(1) Clause (A) of the first sentence of section 215(b)(3) of the Social Security Act (as amended by section 302(a)(2) of this Act) is amended to read as follows:

"(A) in the case of a woman who has died, the year in which she died or, if it occurred earlier but after 1960, the year in which she attained age 62,".

(2) Such first sentence is further amended by redesignating clauses (B) and (C) as clauses (C) and (D), respectively, and by inserting after clause (A) the following new clause:

"(B) in the case of a woman who has not died, the year occurring after 1960 in which she attained (or would attain) age 62,".

(f) Paragraph (2) of section 202(a) of the Social Security Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".

(g) Subparagraphs (B), (H), and (J) of paragraph (1) of section 202(b) of such Act (as amended by section 308(a) of this Act) are each amended by striking out "age 62" and inserting in lieu thereof "age 60".

(h)(1) Paragraph (1)(B) of section 202 (c) of the Social Security Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".

(2) Paragraph (2)(A) of such section is amended by striking out "age 62" and inserting in lieu thereof "age 60".

(i) Paragraph (3)(A) of section 202(q) of such Act (as amended by sections 304 and 307 of this Act) is amended by striking out "age 62 (in the case of a wife's or husband's insurance benefit) or age 60 (in the case of a widow's, widower's, or parent's benefit)" and inserting in lieu thereof "age 60".

(j)(1)(A) The heading of subsection (r) of section 202 of the Social Security Act is amended by striking out "or Husband's" and inserting in lieu thereof ", Husband's, Widow's, Widower's, or Parents".

(B) Such subsection is amended by striking out "or husband's" each place it appears therein and inserting in lieu thereof ", husband's, widow's, widower's, or Parent's".

(2) Paragraph (3) of section 202(q) of such Act (as amended by sections 304 and 307 of this Act) is further amended by striking out subparagraph (E) and redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

(k) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act for and after the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.

Mr. BYRD of West Virginia. Mr. President, it now seems clear that measures to ease the plight of our older citizens have unquestionably been given more time and attention by this Congress than by any other Congress since the passage of the Social Security Act three decades ago. The legislation now before us has already been recognized as perhaps the greatest and most far-reaching piece of social legislation ever enacted by any Congress. We have before us the critical issues of medical care for the aged, of an appropriate increase in benefits across the

board, and of the establishment of three new medical care programs for the American people: the basic hospital insurance plan; the voluntary supplementary medical services plan; and the greatly expanded Kerr-Mills medical care plan which unifies, combines, and extends existing medical care programs for our needy and near needy.

I am deeply concerned about all of these problems. Today, however, I shall confine my discussion to one which has, I am afraid, been largely overlooked—the problem of what to do about, and for, those older people who because of their years are unable to work, yet unable to retire because they have not reached the age specified by the Social Security Act. It is true that the bill would provide actuarially reduced benefits for widows at age 60. But by adding legislation to reduce the social security retirement age from 65 to 60 with actuarially reduced benefits available at the earliest age for all eligible people, Congress could do much to solve this problem, and round out the great bill now before us to face up to an important economic and human reality of our times.

Despite the fact that many Americans are living longer, they are not necessarily working longer. Many have physical disabilities which prevent them from participating in our fast-moving industrial process. Many more, although willing and able to work, find themselves the victims of discriminatory employment practices and technological changes which favor the young—as they should. The net result is that many older men and women are forced into retirement years before they are able to collect their retirement benefits.

I do not believe that everyone will suddenly decide to retire at age 60 if Congress makes it possible for them to draw reduced retirement benefits at that age.

There are statistics to support my views. The National Committee on Aging, which made a study not long ago of a small number of companies with mandatory retirement, reported that about 40 percent of the male employees aged 64 expressed a preference to continue working at their regular jobs after age 65. Needless to say, I also believe that the low average retirement benefit of around $80 a month is scarcely an incentive for voluntary retirement. The actuarial reduction at age 60 would further reduce this amount.

The basic object of reducing the retirement age to 60 is to free the worker at that age so that he may make an independent decision, based on his own situation, as to whether he can, with dignity, continue to work. For it is high time that we faced up to the reality that a great many people are forced off the job as they approach age 60 because of the kind of work they must perform. As they grow older, they often find themselves exposed to working conditions of heat, intensity, pace, load, risk, and responsibility which are beyond their physical ability. No matter how anxious such a man or woman may be to stay on the job, neither he nor his employer, can overlook the fact that his ability to perform this particular kind of work is not what it was. Many people, particularly those who have worked all of their life at hard physical labor, suffer injury and chronic ill health during their later working life. They are in the twilight zone—being unable to qualify under the strictly administered definition of permanent and total disability, but so handicapped that they are unable to find a job which provides them with a reasonable standard of living. Their plight is particularly distressing inasmuch as they have exhausted their unemployment compensation benefits and must look forward to many years of privation before they reach the present retirement age.

Once a worker loses the job he has held all of his life, his chances of obtaining another less strenuous job paying a decent wage, are remote. This situation becomes much more acute in times, such as these, when unemployment is rising. Employer prejudice, which is strong against hiring people who have barely passed 40, increases markedly with each additional birthday.

But this story cannot be told by statistics alone. Even more significantly, it is the story of the machine tool operator who, at 60, is laid off because his plant has been retooled in this age of automation. It is the story of the faithful telephone operator who has worked for just one firm all her life and, for the first time in 25 years, finds herself looking for a job. It is the story of the housewife, widowed at age 60 by the untimely death of her husband, who has never had any experience in the job market, and now must seek some means to support herself until she reaches the present eligibility age of 62.

I believe that our startling gains in productivity in this century have made it inevitable that the shorter average work life—which has been steadily declining during each decade—is here to stay. This revolution in productive capacity also means that the opportunity to retire at age 60 will not, as has sometimes been suggested, result in a reduction of our power to make the goods necessary for a prosperous economy and an effective national defense.

In this age of increasing mechanization and automation, we must always remember that job opportunities are being continually shifted and, in many cases, limited. The heaviest sufferers in such realinements will inevitably be the older worker who has lost some of his flexibility to cope with the changing industrial scene. It is a blow to a man nearing his sixties to have his job eliminated or changed to such an extent that the skills he has built up during a long working life are no longer needed. I am heartily in favor of the efforts to retrain and reemploy these men and women, because I am fully convinced that most of them would rather stay on the job than retire. But I am also convinced that this is not the answer for many of these tragic cases and that a more realistic social security retirement age must go hand in hand with efforts at reemployment if a real solution is to be found to this perplexing problem, and if job opportunities are to be made available to younger workers who need them badly.

Anyone who honestly looks at the present situation will, I believe, recognize that there are a number of factors which are acting inexorably to lower the retirement age—whether we like it or not. First of all, as I have pointed out, the best evidence shows that many men and women between the age of 60 and 65 are simply unable to work. Secondly, it is also quite clear that workers in this age group who are able to work experience extreme difficulty in finding suitable employment. And finally, it is becoming increasingly evident that our new productivity is shortening the length of our working life just as certainly as it has shortened the length of the working week.

The amendment I am now proposing is a very modest effort to recognize, in our social security law, the particular problems which are facing workers in the "twilight zone" between the ages of 60 and 65. The actuarial reductions it contains grow out of cost considerations. Because of cost considerations, however, the amendment provides for actuarial reductions so that a worker who, at age 62, now gets 80 percent of the full benefit to which he would be entitled at age 65, would get 66⅔ percent of the full amount if he voluntarily retires at age 60. Similarly, a wife or dependent husband, now entitled to 75 percent of the full benefit at age 62 would get 58⅓ percent of that amount at age 60. A widow, widower or parent, now entitled to a full benefit at age 62, would get 86⅔ percent of this full amount at age 60. These are not amounts, as I have said, which would encourage early retirement, but they would provide much-needed help in a time of great need. According to estimates furnished to me, and assuming an effective date of November 1, 1965, some 3½ million persons not presently eligible would be entitled to benefits under my amendment, and it is estimated that about 900,000 persons would apply by the end of 1966. As to the cost, there would initially be an outgo effect of about $500 million more annually than under the bill, but this would be counterbalanced in later years.

I am convinced that legislation which reduces the social security retirement age to 60 is consistent with the economic realities of our times. Therefore, I urge the support of members of the committee for my amendment.

Mr. LONG of Louisiana. Mr. President, a similar amendment was agreed to some years ago by the Senate. We went to conference with the House and fought hard for the position—at least I know that I fought hard for the position taken by the Senator from West Virginia. I regret to say that we were not successful at that time. In that same conference we had a measure sponsored by me which would have provided that people with mental illness would have done better. We lost both those amendments in conference. I believe that was the occasion when I kept the Senate in

session almost the whole of 1 weekend in protest over the fact that the Senate committee had yielded. I felt that the conferees had yielded too easily.

I told the Senator that if he would offer his amendment in committee, I would support it. However, the Senator was busy on the floor as a member of the Appropriations Committee at that time, discharging his responsibilities, and he was not able to present his amendment to the committee.

The Senate has agreed to this type of amendment before. I feel confident that the Senate would wish to have the amendment considered. I would be happy to support the amendment. I have discussed the amendment with members of the committee who feel the same way about it, and I would hope the House would agree to it. I hope the Senator will understand that, although we are undertaking the same type of struggle as we did before, I cannot guarantee him that we can persuade the House conferees to agree to the amendment, but I will see to it that it will be seriously considered. I shall urge that the House conferees take a good look at it, and we hope to have it agreed to.

Mr. BYRD of West Virginia. I thank the distinguished Senator from Louisiana for this assurance. I believe that in the instance to which he has referred, there were some difficulties which are not involved in the present situation. I have today talked with Mr. Robert Myers, the Chief Actuary of the Department of Health, Education, and Welfare. He has indicated that there is ample money in the fund, and that although there would be an increased amount of disbursements in the early years of operation, there would not be any long-range cost impact involved over the years.

Mr. LONG of Louisiana. The pending amendment has particular merit with regard to persons so unfortunate as to be displaced by automation or through loss of their jobs as they reach the age of 60. Such persons have great difficulty in obtaining other jobs, and when their unemployment insurance money is all gone they have no income. If they were 65 years old, they would be able to retire, but because they are not 65 yet, they cannot retire. Such people are therefore in a most unfortunate and penurious situation. The amendment the Senator from West Virginia is offering seeks to enable those persons to collect what would be due them, but to collect a smaller amount because, presumably, they would be collecting it over a longer period of time.

Mr. BYRD of West Virginia. The able Senator is correct. My amendment as drawn would provide for actuarial reductions which, as I have already indicated, would not encourage persons to retire at an earlier age if they were able to find employment. But there are those people, who have not reached the age of 65 or even 62, who are out of work, or who may be disabled physically to such an extent that they cannot find employment, but not to the extent that they can qualify for disability benefits under the social security law. My amendment would provide a choice for them, and enable them to have some income if they choose to retire at 60 rather than wait until 62 or 65.

Mr. LONG of Louisiana. In the State of Louisiana, our welfare department has almost stultified itself in trying to make a determination that such persons are disabled, so that they can be provided with public assistance. It would be a far better solution to allow them, as a matter of right, to start drawing retirement payments at the age of 62. In my State—I do not know about other States—their income would increase when they reached the age of 65, because at that date the Public Assistance Act would enable the public assistance program to supplement what they receive. They would be receiving about the same as they would have received had they had a larger income.

Mr. BYRD of West Virginia. The Senator is correct. The recipient will have a choice of waiting and drawing higher benefits over a shorter period of time, or he can elect to retire earlier and draw decreased benefits over a greater period of time. In either event, the impact on the fund would be the same in the long run. There would be no additional cost to the fund over the years. Moreover, my amendment would not require any additional tax on either the employer or the employee.

Mr. LONG of Louisiana. As the Senator indicates, with respect to many such persons, they will be able to supplement their social security income when they reach the age of 65. But they need something to hold hide and hair together until they reach that age.

I believe that the Senator from West Virginia has a meritorious amendment. I voted for a similar amendment when it was previously before the Senate. I was disappointed when the House conferees refused to accept it. The Senator will recall that I obtained permission for him to go before the conference committee and explain his position, at which time he made a magnificent and at the same time touching statement on behalf of the people concerned.

I am happy that the Senator is offering this amendment, and I shall be pleased to accept it.

Mr. BYRD of West Virginia. I thank the Senator for his kind consideration and acceptance of my amendment, and I also express my appreciation to the members of his committee.

Mr. HARRIS. Mr. President, I want the RECORD to show that I support the amendment of the Senator from West Virginia [Mr. BYRD].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment was agreed to.

Mr. SALTONSTALL. Mr. President, I send an amendment to the desk and ask that it be printed.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed; and will lie on the table.

Mr. JAVITS. Mr. President, I have not said anything about the bill as yet in the way of a considered presentation, which I believe would be very unhappy and unwise, considering the fact that I am so deeply involved in what is being done here. It represents the fruition of many years of work so far as I am concerned, in association with others. We should not be distracted at this final hour, in this momentous and historic bill now before the Senate, by the fact that there are imperfections, and amendments of a specialized character which need to be considered.

The measure for health care for the aged is probably as historic a piece of domestic legislation as will be passed in Congress for many decades to come. It represents a great struggle between various points of view. It has arranged the trade unions against the doctors. It has involved a vast struggle between liberal and conservative philosophies. It has also involved the problem of whether to expand the social security system to include a system by which services rather than money would be provided.

It represents a great advance in taking cognizance of the extension of the life span of all Americans.

It is also the second historic measure which, to my mind, forecasts the way in which the world is going to go, because this measure includes not only a basic hospital insurance plan which will be operated by the Government under social security financing, but also includes a supplementary voluntary insurance plan giving fairly full health coverage on the basis of a payment by the beneficiary and a payment by the Government, with medical care to be provided largely by private enterprise.

This concept is a voluntary supplementary insurance plan which I had the honor to offer first in 1949, when the bill was introduced in the other body, of which the supporters were essentially the members of my own party, including such distinguished Republicans as Christian Herter and THRUSTON MORTON, as well as the former Vice President of the United States and candidate for President on the Republican ticket, Richard Nixon.

The developments since that time went through the hotly contested 1960 postconvention session of the Senate when our tragically departed and highly revered President, John F. Kennedy, was here as a Senator, and almost as his final act in the Senate fought to put through a bill which contained half of what is contained in the pending bill, namely, essentially the hospital care plan with social security financing. In my judgment, he failed, because of the failure to include a complete health care program, which required the addition of the second half, the voluntary supplementary insurance plan.

Then, a year later, joined by a number of colleagues in the Senate, I had the honor, as the Senator from Illinois [Mr. DIRKSEN] has said, of carrying the flag, but without success in the Senate, and that whole program failed. It was deferred for almost 5 years, until now, when we have formally accepted the entire program, instead of only a part of it.

In the course of that period the Senate had two occasions to consider this subject of supplementary insurance for health care. On one occasion it turned it down. On another occasion it adopted it. Unfortunately, the measure, although it was passed in the Senate, based upon the sponsorship of the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], and myself, did not get anywhere in the House.

Today, we look back on this monumental struggle, really fought on two fronts, one for the concept of expanding the social security system to encompass health care for the aging, and the other for adding to the Government plan, a so-called supplementary plan, which would give really complete health coverage. Both struggles have taken all these years to be fought.

It is a great tribute to the American system that, after this monumental effort, so deeply involving the passions and ideas of individuals, we should be back here with a bill which has remarkable areas of agreement and shows every indication of sweeping through the Senate with not too much opposition. I am sure there will be a number of votes against it, but on the whole it is taken for granted that this is the year in which medical care for the aging will become a reality.

It represents a high tribute to what we call the free market in ideas.

I have personally had a number of debates with some of the most distinguished opponents of this proposal, including Dr. Annis, former president of the AMA, and probably the most distinguished opponent of this proposal in the medical profession, and still a very potent force in this field, even though he has ceased to be president of that organization.

In the process of debate, and the effort to add to the Government plan the voluntary supplementary plan, answers to the arguments which were made against the plan, including the catchwords "socialized medicine," which became, first, a slogan, and then an obsolescent term, almost in the same class with isolationism, in disfavor with the American people—all these arguments and debates were endured, answered, discussed, refined, and considered. The bill before us now represents as close as American Government can get to a consensus, arrived at after full debate and discussion. It bears, in every one of its parts, the marks of improvement which have resulted from full and free debate.

For example, the bills which I introduced time and time again, contained no deductible provision as an item for the patient to pay, even during the early days of his hospitalization, under the Government hospitalization plan. A deductible provision is now contained in almost every section of the pending bill, including posthospital care and outside diagnostic services. The consensus of opinion, though I did not previously share it, obviously is that a deductible is a sound principle which will prevent the overuse of facilities when it is not necessary to use them. It will also assist in keeping the patient ambulatory, which, based upon many seminars and other discussions which I have personally conducted, is the best way in which to deal with the health problems of the aged.

It is felt, after all these refinements, that the use of a deductible, requiring the patient to pay something as his own contribution, is essential and sound.

That provision is incorporated in the bill, both in the governmental part and in the voluntary supplementary section, which relates to the action of the beneficiary himself, joined by the Government.

There is another aspect of the subject which is quite important. It was recognized from the very beginning that to give the governmental aspect of the plan vitality, it was necessary somehow or other to raise money through adequate social security taxes.

There was a great deal of argument about the figure of 10 percent as being the roof on social security taxes for both employer and employee. That was almost a sacred cow. It was not to be even considered that that ceiling of 10 percent could be broken.

It is very clear, again, after this free and extensive debate throughout the country, that that ceiling need not be broken if the taxable earnings base is made realistic.

Therefore, the $6,600 base represents again what we have learned in the course of free debate and discussion.

I am pleased also that the Senator from Illinois [Mr. DOUGLAS] won his fight with respect to the services rendered by radiologists and other specialists being included in the hospital part of the bill. It was a strange anomaly, indeed, that it should have been excluded in the first place. It is almost as strange as the anomaly of characterizing, for purposes of social security, waiters and waitresses as people who are in business for themselves. I hope the Senate will correct that situation.

The Senator from Illinois again profiting from open discussion and free debate, won his fight in which so many of us supported him and has included the proper provision in the pending bill, to the effect that these services represent a part of the hospital costs. I hope very much that the fortitude displayed in committee will be displayed in conference, and that this provision will remain in the bill.

Again, a tribute to the process of free debate and discussion is that part of the health care program of the bill which is contained in the voluntary supplementary insurance plan. Here again the battle was fought. The Senate last year took a position very strongly in favor of including this supplementary provision. It really rounds out the program, as a mere reading of the services to be rendered indicates

The fundamental concept involved in the supplementary plan is that it takes care of many of the health needs of the aged, without all the inducements to use hospital facilities when it might not be essential that they be used, following the basic principles of geriatrics to keep the older person on his feet.

By including the voluntary supplementary insurance plan, first and foremost, physicians' services will be made available to the individual. It is true that it will be on an annual deductible $50 basis, with only 80 percent of the patient's bill covered. As I said before, that is a tribute to failr debate, which apparently has led to the conclusion that deductibles are essential in this field and that it is wise to retain them.

By making available physicians' services, a very much larger proportion of the health care needs of the aged will be covered—probably something in the area of 60 percent or better. That begins to look much more like a health care plan for our aging citizens. I have little doubt that the overwhelming majority of our older people will take this supplementary coverage. It will be the cheapest and best form which will possibly be available to them. It still will not deal with those who are chronically ill and need continuous care, but it is still a very, very long way in the direction of a full health care program.

The estimates, based upon income figures, are that somewhere between 85 and 95 percent of our older people will take this care. About 90 percent of the people can afford to take that supplementary care. It must be borne in mind that it will not even be a financial strain, because we shall be increasing social security by $4 a month minimum, and the costs of the voluntary coverage for the individual will be $3 a month. So it seems to be a very logical carrying out of our intention that supplementary coverage should generally be practically universal.

Mr. President, one other realistic aspect of the bill represents a long standing campaign of my beloved friend and colleague the Senator from Vermont [Mr. AIKEN]. I am sorry that he is not in the Chamber at the moment. He always insisted that in the transitional period, until social security coverage really covered practically all of our citizens over 65, those who were not now under the social security system, variously estimated at 2 million to 3 million, would have to be taken into any medical care program. We, on this side of the aisle, contended for that principle in the bills we introduced. I speak with reference to the Senator from Kentucky [Mr. COOPER], the Senator from New Jersey [Mr. CASE], the Senator from California [Mr. KUCHEL], the Senator from Maine [Mrs. SMITH], the Senator from Hawaii [Mr. FONG], and the former Senator from New York, Mr. Keating, when he was in the Senate. All of them were deeply concerned with the problem.

The bill now covers that aspect and provides general revenue funds to cover those of our older citizens—estimated at about 2 million during the transitional period—who are not under the social security system.

In addition, in rendering available voluntary and supplementary coverage,

mainly physicians' services, I note with the greatest interest that the Federal Government will contribute from $500 to $650 million, depending on how many take advantage of the plan, in order to facilitate the plan, pretty much as it does for Government employees.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. COOPER. Is it not correct that the first bill which was introduced, the so-called Anderson-King bill, upon which we voted in 1960, did not cover those 2 million older persons who were over 65 years of age and not under social security?

Mr. JAVITS. The Senator is exactly correct. That was one of the major points made by the Senator from Kentucky [Mr. COOPER], and myself, and others. We said that the bill fell short of what it must cover.

Mr. COOPER. I remember that the distinguished Senator from New York took the lead in submitting an amendment. I was one of the sponsors of that amendment. The Senator from New York was the chief sponsor. That amendment would prescribe for the first time that the 2 million or more persons over 65 years of age and not under social security must be given this protection, the same as other persons over 65.

Mr. JAVITS. The Senator is exactly correct. A very great service was rendered by the Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. AIKEN], and other Senators who insisted that that concept had to be incorporated in the bill if it were to be truly a medical-care-for-the-aging bill. I am grateful also to my colleague from Kentucky and to other Senators whom I have named for the constancy of their support in this effort through the years and the struggle which has now matured in the acceptance of the concept of a voluntary plan for which we fought, with a very marked difference, to which I shall call attention insofar as its private enterprise character is concerned. The Federal Government will be obligated for something in the area of $1 billion for medical care, quite apart from Kerr-Mills care. But let us see the unbelievably great achievement which will have resulted from this development. Our older people will be covered, in my judgment, for something in the area of two-thirds of their medical care costs, with relatively little financial strain upon them.

As a return for years of working in our society until age 65, the question as to whether one might live a life based upon new drugs and a new type of health care will no longer be based upon one's financial ability to pay the bills. That great protection will be realized, and the lifespan which has so dramatically improved, will be a blessing available to practically every one of our citizens over 65. That will be a great boon to the Nation. It will bring us abreast of the most advanced concepts of medical care and of welfare anywhere in the world, and it should represent in every way a vast source of satisfaction to the American people.

I point out that one of the big things which the Communists in return for the slavery which they have fixed upon those whom they govern have bragged about for years is the availability of medical care. We should show by the bill that a free society can do, in this area at least, as well—probably a great deal better, considering the enormous range of the facilities and professional skill which we have available—as any Communist society, and at the same time we shall preserve freedom and all of the other advantages which go with a free society.

I find one note of disappointment in the bill, and that is the failure of the American insurance industry to see the great opportunity which beckoned to it and to take advantage of it, at least so far.

Mr. President, instead of the supplementary coverage plan, the so-called voluntary plan, being an insurance company plan, which it ought to be and which it was under the bill which the Senator from Tennessee [Mr. GORE], the Senator from New Mexico [Mr. ANDERSON] and I sponsored, and which passed the Senate, the proposal is now Government insurance with Government contracting with carriers to carry out, in the words of the bill, the major administrative functions relating to the medical aspects of this voluntary supplementary plan.

I should have infinitely preferred to see the whole program carried by private enterprise. The 65-plus plans, which the insurance companies, inaugurated in recent years, were a proper precursor for just such a responsibility.

The supplementary coverage under the Senate version of the bill will not take effect until January 1, 1967. That will give a year—indeed, a little more than a year, because I believe the bill will become law within the next 60 days—for the insurance companies of the United States still to get together for the purpose of realizing the responsibilities and the great advantages which can apply to them and the credit which can flow to them when they undertake to discharge their responsibilities. This they could do by taking over the whole program for supplementary, voluntary health care for older citizens, which would not be possible were there not a governmental hospital insurance program as the base, but which becomes highly practicable with the governmental hospital insurance plan, which is the first part of this program.

I believe—and I express my opinion as a Senator—that if the insurance companies of the country should at long last propose a plan to take over the whole responsibility, thereby integrating it into the total insurance concept of their business, and giving them a strong talking point to every individual who buys health insurance when he is under 65, that it would fall properly and naturally into the same insurance channel when the person was over 65.

I still express the hope that the insurance companies may come forward with a plan to carry out the purpose of the second part of the bill which we are now considering. I believe that if they should do that, Congress would be sympathetic to amending the legislation in such a way as to allow them to do so, even exempting them from the antitrust laws, as we are exempting those who cooperate in the program with respect to the imbalance in international payments, in order to permit the great public responsibility to be discharged through the private enterprise system.

I address an appeal to the insurance companies of the United States to realize this opportunity and possibility. It will require the cooperation of a number of great insurance companies even to carry out the supplementary program as contained in the bill.

Mr. PASTORE. Mr. President, will the Senator from New York yield?

Mr. JAVITS. Surely.

Mr. PASTORE. When the recipient of tips declares the tips and pays a social security tax on them, does that entitle him to greater benefits than if he had not declared them?

Mr. JAVITS. I am sorry; I did not hear the last few words.

Mr. PASTORE. When the receiver of tips declares them as a part of his income and pays a social security tax on the tips he declares, is he automatically entitled to greater benefits than if he had not declared them?

Mr. JAVITS. Very definitely.

Mr. PASTORE. Is it to his advantage to declare his tips, if later in life he wishes to receive greater benefits, because social security benefits would be predicated upon his compensation including tips?

Mr. JAVITS. Certainly, particularly since he knows he is going to have to pay income tax on the tips anyhow. But the social security tax in the case of waiters, waitresses, and other tipped employees will be enforced on them by withholding. I have heard from them and their unions. They desire that this be done, notwithstanding the public impression in some circles that this is a great way in which to avoid the income tax. These employees want it that way.

Mr. PASTORE. Therefore, the mere fact that an employee declares tips means that they should be treated as any other income and the employer should make a contribution.

Mr. JAVITS. The Senator is exactly correct. The Senator is always refreshing, because he brings us out of the astral regions in which we are inclined to wander. The Senator knows that when the proprietor of a given restaurant employs a waitress, he pays her what he knows will, when added to her tips, be the salary she would work for. He does not pay her as a salary what he knows she would work for. She does not receive her earnings on that basis. Everyone knows that it is a part of the compensation to have an opportunity in that particular establishment to serve patrons and receive tips.

The employer has a clear idea as to what the waitress will earn, and he tells her when he employs her, "I am going to pay you so much, but you will actually earn so much, because the standard practice, for as many years as I have been here, is that when you work

so many hours, you will receive so much in tips." Tips are an accepted part of the compensation.

Mr. PASTORE. When an employee declares his or her tips as a part of his or her income, what is the obligation of the employer to withhold income tax?

Mr. JAVITS. He is obliged to withhold it at that time, or even to advance it, based upon the estimate of tips. He has to advance the amount of the withholding, because the income tax affixes at the same time the social security tax obligation affixes.

Mr. PASTORE. Therefore, the position taken by the Senator from New York is that when tips are considered as a part of the income, they ought to be treated as in any other case?

Mr. JAVITS. As in any other case; it is just as broad as it is long. A waitress, for example, could find herself suddenly in business for herself, the way the committee reported the bill. She would be under the jurisdiction and control of the employer in everything else; but when it came to the social serurity tax, she would suddenly be in business for herself, as though it were her establishment.

Mr. PASTORE. How is the unemployment compensation figured?

Mr. JAVITS. Unemployment compensation is paid entirely by the employer and is paid upon that basis and computed accordingly.

Two things are happening—and I am sure the Senator from Louisiana will correct me if I am in error: One is that where tips are accounted for to the employer as salary—and there are some cases in which a person who is working is supposed to account to the employer for tips as salary—the whole situation remains as if the tips were salary.

Another situation, which is being dealt with in a kind of letter agreement between the Commissioner and employers, involves an estimate by an employer as to what the tips will probably amount to.

Mr. PASTORE. Mr. President, will the Senator from New York yield, so that I may direct a question to the Senator in charge of the bill, who can speak to it?

Mr. JAVITS. Of course.

Mr. PASTORE. I should like to know at this point, by addressing an inquiry directly to the manager of the bill, the answer to the following: If an employer, under the committee amendment, is not required to pay the social security tax, who is expected to pay the other half, which ordinarily would be charged to the employer? In other words, under what rationale are we proposing to exempt the employer, if tips are to be considered as a part of income?

Mr. LONG of Louisiana. A tip is paid by a patron, a person who is waited on in a restaurant. It could be said that since he paid the tip—since he said, "Here is a $1 tip," the waiter could say, "One minute, Mr. Patron; if you are going to pay me $1, you will have to pay 4 cents to pay the social security tax on the tip."

Mr. PASTORE. That is a ridiculous situation.

Mr. LONG of Louisiana. But it is the patron who is paying the tip. The waiter could say, "Give me 4 cents to pay the social security tax on the tip." But the patron could immediately say, "I did not tip you $1; I tipped you 96 cents. You take care of the 4 cents."

Then the employee would take 4 cents and match it with 4 cents; or instead of getting a tip of $1, he would get 92 cents. If the man who gave the tip were to pay the tax, the employee would pay 4 percent for that patron and 4 percent for himself, which would make 8 percent or 8 cents of $1.

We propose to give the employee a better break than that. We propose to say: "You report the tips and pay 6 percent."

The House bill would appear to create a presumption that the employer paid the tip. The employer did not pay it. He may not know anything about it. He neither paid the tip nor received the tip.

It is said in this case that the law creates an irrebuttable presumption. That is not true. It is a downright falsehood. It puts the employer in the position of Mr. Bumble, about whom Dickens wrote:

> If the law supposes that, the law is a ass, a idiot.

That is what it amounts to when it is said that there is an irrebuttable presumption that the boss pays the tip. It is not true. He neither pays it nor knows anything about it.

Mr. PASTORE. Mr. President, the Senator from Rhode Island asked a question and received a speech.

Mr. LONG of Louisiana. Mr. President, I went into detail to answer the question.

Mr. PASTORE. Mr. President, I ask the question again. If the employee must pay social security taxes on tips because it is a part of his taxable income under the Internal Revenue law, by what justification would we exempt the man who gives the tips and especially the employer? Why should there be a vacuum?

Mr. LONG of Louisiana. Mr. President, this is a matter which is extremely difficult to handle. We say that the logical way to handle tips is to make them self-employment income.

Mr. PASTORE. Nontaxable or taxable?

Mr. LONG of Louisiana. Taxable income.

Mr. PASTORE. If we were to make it taxable, then we would consider it income. If it is income, it is income, and if it is income, the employer is responsible.

Mr. LONG of Louisiana. Why would the employer be responsible? He did not pay it. He did not receive it. He has no knowledge of it.

Mr. PASTORE. That is exactly the point. We cannot escape the realities of life. The reality of life is that tips are paid to employees. The tips have been taken into consideration in fixing the salary to be paid by the employer. That is just as evident as the noses on our faces. We know that is true.

In a case in which a person receives tips, usually the pay is only nominal because the tips are considered as part of the employee's pay. That happens all the time with waiters, hat check girls, and shoeshine boys. It happens with almost everybody. The pay is nominal because tips are expected. That is the reason that the Government has said that the tip is part of the income, and therefore taxable as income. In order to be consistent, if the tips are income, then they ought to be considered and treated as would be the case with any other income.

Mr. LONG of Louisiana. Mr. President, it is income to the employee and not the employer. The employer did not get anything and he did not pay any thing.

Mr. PASTORE. He got the benefit of it in that he was paying a nominal salary for the services he was receiving. Somebody else helps him to pay the salary. That is how simple it is.

Mr. LONG of Louisiana. Not necessarily. There are all sorts and shades of differences. For example, I have a man who works for me. From time to time he drives an automobile or does odd jobs. He waits on tables and does other chores. From time to time somebody will give him a tip. As far as I am concerned, I would just as soon that they did not tip him. However, sometimes they do. They are pleased to do it and he is happy to receive the tip.

It is none of my business. It would be ridiculous to say that that is income to me. I had no knowledge of it. I was not in favor of it in the first instance. The law should not require me to pay a tax on it. There is no reason for burdening the employer. As far as the employee is concerned, he can report his tips on the high or the low side. However, when he reports the tips, he then owes income taxes and social security taxes. If the employee wants to pay taxes on the low side, he reports less tips.

Mr. PASTORE. There is one error in the argument of my dear friend, the junior Senator from Louisiana. It is not what the Senator considers to be income. It is what the Government considers to be income. The Government of the United States has brought cases against people who have received tips and not reported the tips as income. The Government has said that it is income and taxable.

It is not what the Senator considers it to be. It is not what I consider it to be. It is not what the employee considers it to be. It is what the Government has determined it to be.

The Government has said time and again that tips which are received by employees in the performance of their duty is part of their income, and therefore taxable under the internal revenue law. Once the Government has said that, it must remain consistent. Therefore, if it is taxable income and we propose to allow an employee to pay the social security tax on those tips, then the employer who receives the benefit of paying less money in salary because of the receipt of tips, ought to be compelled to contribute.

There is a great moral issue here. We are telling people: "Declare your tips and pay income tax and social security tax on them." We ought to go all the way.

I believe that we have reached a point that if a person who receives a quarter, a half dollar, or a dollar tip is willing to put it on the line and pay an income tax and social security tax on that money then he ought to be treated the same as any other employee.

Mr. LONG of Louisiana. If we were to adopt the House provision on tips, which I presume the Senator is supporting, even in that case, we would have to take the employee's word for it. A man says, "This is how much I received. I want to pay on that much money." Suppose that man is not telling the truth. Why should the employer be required to be a party to that?

The employee reports according to law and conscience. The man's own self interest would require him to report the money as self-employment income. If an employee does not report it, do not hold the employer responsible for it. The employer did not receive the money. He did not pay it. The employer does not necessarily have any knowledge of it.

There are many cases in which the employer would have a substantial idea as to how much an employee receives in tips. However, he does not know precisely in any case.

Mr. PASTORE. That is correct. However, the Senator does not expect for 1 minute that a young man or woman at the age of 30 would pay income tax or social security tax on tips, which would be perhaps 20 percent or 25 percent, and thus declare more income than he has actually received in tips, in the hope that when he reaches the age of 60 or 65 years, he might receive an additional small amount per month in social security benefits. That would be ridiculous.

I do not believe that anybody is overestimating his tips. If we can get people to fairly, squarely, and honestly declare tips and pay income tax and social security tax on those tips in their young age, so that they can receive a little more when they reach the age of 60 or 65, let us do it and let us keep society honest.

Mr. LONG of Louisiana. I assume that the Senator supports the House provision. How would the Senator propose to handle the problem under that measure?

Mr. PASTORE. Mr. President, I do not propose to handle any problem. I say that if we can get an employee to pay income tax and social security tax on the tips he receives, somebody else ought to pay the other half. As far as I am concerned, the somebody else is the employer who receives the benefit of the services of the employee.

Mr. LONG of Louisiana. Mr. President, I do not know of any area in the law in which we are more completely at the mercy of the taxpayer when it comes to declaring his income than we are in the area of tips. We are completely at the mercy of the taxpayer. If he wants to report more tips than actually received and pay more tax on that income, as self employment income, let him do it. However, why should we make the employer approve an outright lie with respect to the amount of tips an employee receives. Why should we require the employer to take the word of the employee and give him no discretion about it at all?

Why should we make the employer certify to something that he knows is not true? Why should we make the employer a party to the misstating of the income of an employee, when he did not have anything to do with it, did not pay it, did not receive it, and, in some cases, did not have any knowledge of it at all?

Mr. PASTORE. Does the Senator from Louisiana really, honestly believe that an individual of 30 years of age will overestimate the amount of tips he received and pay income tax and social security tax on those tips so that he will receive a little more income when he becomes 65 years of age?

Mr. LONG of Louisiana. I honestly believe he would do that in his own self-interest. Instead of thinking about people being totally honest—as many people are in this country, I am convinced that if a person is 30 years of age, he is going to report his tip income on the low side and pay social security and income tax on the low side; and when he gets to be around 60, and starts thinking of retirement pay and income taxes, inasmuch as he may drop the low 5 years, then he is going to pay on the high side and pay the high tax.

Mr. PASTORE. I have a little more confidence in the American taxpayer, the American citizen, and the American voter. I think this is one case where we can keep people honest, because they are willing, from the beginning, to declare what their tips are. We can tell what tips are, in a logical way. We are in the age of the computer. I recently met a man who was a seatmate on my plane. He was the manager of a hotel. He told me he could tell me what the take would be in a certain dining room in that hotel 5 years later. From the fact that a barber may earn $70 or $80 a week, or even $100 a week, we should be able to tell pretty much what his tips will amount to. We know that from the practice that has developed over many years.

The idea that people are going to engage in a system of cheating by reporting a low income when they are at a certain young age, and when they get older then overestimate the income, does not seem logical to me. If we are going to be consistent, let us be consistent. If we are going to be fair, let us be completely fair. If it is income, the employer should pay the other half.

Mr. LONG of Louisiana. So far as this Senator is concerned, it is all very simple. If the employer did not pay it and did not receive it, he might have some knowledge of it and he might not, but he should not be required to certify to it when he knows it may be incorrect.

It makes much better sense that the employee have the responsibility, as he does under the law, to report the income and pay on it. When he pays the income tax on that income, he can also pay the social security tax which self-employed persons pay.

Whether we have the House language or the Senate language, in my judgment neither one will be a final answer to this problem.

The matter of taxing tips is one of the most troublesome problems in the whole tax law. The Treasury Department has been trying to arrive at some formula to determine how much people receive in tip income so the Department can collect taxes on that income. The Department is making headway, but it is one area that will have to be explored further. The committee was of the opinion that this proposal is the best answer we can provide under existing circumstances.

In my judgment, it is manifestly unfair to require the owner of a little restaurant or a cafe, or a shoeshine parlor, or a barbershop to run around trying to ascertain what somebody else received in tips, and to presume under that law that an employee received a certain amount of tips. To so declare would be an outright fraud, when an employer did not pay it and had no knowledge of it.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. Was the committee unanimous on this matter?

Mr. LONG of Louisiana. I shall seek to provide that information for the Senator.

Mr. PASTORE. I do not want to make an issue of it——

Mr. LONG of Louisiana. There were some members who voted for the House position, but the large majority was for the position adopted by the committee.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JAVITS. I shall yield to the Senator from Massachusetts in an instant, but first I wished to completed this argument by pointing out that 19 States either include in the operative minimum wage law an allowance for tips or apply lower minimum wage authority for tipping employment, showing very clearly that at least 19 of the 50 States follow exactly what the Senator from Rhode Island and I have been arguing. However, I shall pursue this argument a little later.

I now yield, for the purpose of having the Senator from Massachusetts offer an amendment, and I ask unanimous consent that I not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, I offer amendments, which are at the desk.

The PRESIDING OFFICER. The clerk will state the amendments.

The legislative clerk proceeded to read the amendments.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with, and that they be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. SALTONSTALL are as follows:

On page 13, lines 9 and 10, strike out "post-hospital".

On page 14, lines 2 and 3, strike out "or post-hospital home health services".

On page 17, lines 6 and 7, strike out "hospital and related post-hospital services" and insert "hospital, related post-hospital, and home health services".

On page 17, beginning wth "post-hospital" on line 20, strike out all through line 23, and insert in lieu thereof "home health services for up to 175 visits during any calendar year; and".

On page 19, beginning with "Payment" on line 16, strike out all before the period on line 23, and insert in lieu thereof "Payment under this part may be made for home health services furnished an individual only for the first 175 visits during any calendar year".

On page 20, line 5, strike out "post-hospital".

On page 25, lines 23 and 24, strike out "post-hospital".

On page 26, beginning with "therapy" on line 5, strike out all before the semicolon on line 10, and insert in lieu thereof "therapy".

On page 80, line 4, strike out "subsections (i) and (n)" and insert "subsection (i)".

On page 81, line 16, strike out "subsections (i) and (n)" and insert "subsection (i)".

Beginning on page 94, line 15, strike out all through page 95, line 2.

On page 147, line 9, strike out "post-hospital".

Mr. SALTONSTALL. Mr. President, I am offering amendments, which I have discussed with the acting chairman of the Finance Committee. I understand, from what he has said, that he is willing to take it to conference.

The amendment eliminates the 3 days required to be in a hospital before a person can get home nursing care. This would not be in a nursing home, but would permit payments to be made for visiting nurse and related health services when furnished in accordance with a plan established and periodically reviewed by a physician.

The proposed payments would be made only for a patient who is under the care of a physician and confined to his own home—except when he is taken elsewhere to receive services which cannot readily be supplied at home. Since the nature and extent of the care a patient would receive would be planned by a physician, medical supervision of the home health services furnished by paramedical personnel—such as nurses or physical therapists—would be assured.

Up to 175 visits by home health personnel would be paid for during a spell of illness, and any subsequent period before a new spell of illness begins. A visit would be defined in regulations.

The purpose of the amendment is simply to eliminate the requirement of being 3 days in the hospital before he may be subject to the benefits of this act.

Mr. LONG of Louisiana. Mr. President, the Senator's proposal would save money and provide for a better program insofar as a person does not really require hospital care, but only home care. It is perhaps desirable—and the Department estimates that it will save money under the program—to make sure that people are receiving money for home care who are not properly entitled to hospitalization and who are not sick enough to require that they be provided hospital care under the measure.

The idea of requiring a person to be in a hospital for 3 days is to make sure that the person is sufficiently ill as to be entitled to care under the program. On the other hand, it does not make sense to keep him in the hospital once it is determined that he is eligible for nursing home care and treatment.

The matter should be studied. The amendment will be in conference between the House and the Senate.

I imagine in this area we can work out an agreement to accept the amendment or that portion of it which seems to make the best sense.

Inasmuch as the matter will properly be in conference, I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Massachusetts.

The amendments were agreed to.

Mr. JAVITS. Mr. President, I now ask unanimous consent that I may yield to the Senator from Ohio [Mr. LAUSCHE] without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment, and ask that it be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. LAUSCHE. This amendment contemplates making mandatory upon the social security officials the responsibility of releasing the last known address of a father who has fed from his responsibility to provide for his children.

Under the law, such information cannot be given. A system has now been adopted in which, occasionally, the last known address is provided; but the RECORD shows that 6 to 9 months elapse between the time a request is made and the time the last known address is provided to the courts or welfare agencies.

My amendment reads in substance:

Upon the request of a welfare agency of a State or a political subdivision thereof, or of a court of competent jurisdiction, the Secretary of Health, Education, and Welfare shall disclose promptly the most recent address contained in the files of the Department of the husband and father who has fled his legal responsibility to take care of his children.

Mr. President, I believe this to be a good amendment. The Government is paying the cost of maintaining the children. The father, whose responsibility it is, has fled and keeps himself in concealment.

From two standpoints the amendment should be adopted—first, to relieve the Government of the unfair burden imposed upon it through an irresponsible father runing away from his responsibilities, and, second, to make the father understand that the Government is concerned that his obligations to his wife and children shall be performed.

I hope that the Senator in charge of the bill will consider the amendment. I believe that the amendment is sound. Courts need it. Welfare agencies need it. As I have already stated, the law does not now make mandatory the release of this information.

Mr. RIBICOFF. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. RIBICOFF. I would hope that the Senator in charge of the bill would consider accepting the amendment offered by the Senator from Ohio, because I believe that the Senator from Ohio has placed his finger on the hole in the law which should be filled. There is no question that many fathers desert their families, their wives and children, and go to parts unknown. Consequently, the welfare burden continues to rise and rise because it is impossible to locate the father and require him to make his contribution for the support of his children.

I believe that the Senator from Ohio has offered a most pertinent and worthy amendment to the welfare employees who seek to locate a missing father. The only way they can find a missing father is through his social security number and the social security system. If the welfare authorities make the application, as I understand, to a court of competent jurisdiction, it would make it mandatory for the Secretary of Health, Education, and Welfare to furnish the information to the proper State authorities.

I believe that the amendment is most worthy of adoption, and I hope that the Senator in charge of the bill will consider accepting the amendment offered by the Senator from Ohio.

The PRESIDING OFFICER. Does the Senator from Ohio intend to offer his amendment at this time?

Mr. LAUSCHE. Mr. President, I send my amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment submitted by Mr. LAUSCHE is as follows:

On page 266, between lines 22 and 23, insert the following:

"DISCLOSURE, UNDER CERTAIN CIRCUMSTANCES TO COURTS AND INTERESTED WELFARE AGENCIES OF WHEREABOUTS OF INDIVIDUALS

"SEC. 328. Section 1106 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"'(c) Upon the request of the welfare agency of a State or a political subdivision thereof, or of a court of competent jurisdiction, the Secretary of Health, Education, and Welfare shall disclose promptly the most recent address contained in the files of the Department of Health, Education, and Welfare for any individual who is certified by such agency or court as failing, without lawful excuse, to provide for the support and maintenance (1) of his wife in destitute or necessitous circumstances, or (2) of his or her minor child or children under the age of 16 in destitute or necessitous circumstances. Such disclosure shall be made only if the request is made by the agency or court on behalf of such wife or such child or children; and the address so obtained shall be used by the agency or court only on their behalf. The provisions of subsection (a) with respect to penalties for unauthorized disclosure, and the provisions of subsection (b) with respect to payments for the cost of obtaining information, shall (under such regulations as the Secretary of

Health, Education, and Welfare shall prescribe) apply to the disclosure of any address under this subsection.'"

Mr. LAUSCHE. Mr. President, I have here a statistical report prepared by the U.S. Department of Health, Education, and Welfare, showing the number of families from whom the fathers have fled their responsibility of caring for the children. The number for the year 1961 was 164,698. This figure does not include families which nevertheless were able to take care of themselves without Federal aid.

The statistical record further shows that the cost to the U.S. Government in caring for the abandoned children is $18,747,242 a month, as shown in the payments made in December of 1961.

These records pertain to December of 1961, and are the latest records on the subject.

Mr. LONG of Louisiana. Mr. President, the Department has sought to insist upon the confidential nature of social security records. I have been informed by the Department of their position on this matter.

There is merit in the argument of the Senator from Ohio; and, with the understanding that we would seek to work out the best arrangement we could to meet the problem the Senator has discussed in his amendment, and also to meet departmental objections, and in view of the fact that the committee did not consider the amendment, I am willing to take the amendment to conference.

Mr. HARRIS. Mr. President, I would like the RECORD to show that I support the amendment of the Senator from Ohio [Mr. LAUSCHE].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio [Mr. LAUSCHE].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from New York proposes the following amendment:

(c) The Secretary shall make a study of methods and procedures that could be employed in providing payment under part B of this title for prescription drugs, including methods of assuring the high quality of drugs for which payment is made, methods of avoiding unnecessary utilization of drugs and methods of controlling costs. The Secretary shall transmit to the Congress, on or before June 30, 1966, a report of such study, including his recommendations as to the best approach to covering drug costs under part B and the feasibility of adopting this approach.

Mr. JAVITS. Mr. President, my amendment, which I have already submitted to the Senator in charge of the bill, represents a modification of an amendment which I had printed, No. 299, which sought to bring prescription drugs under the coverage of the supplementary voluntary section of the medicare part of the bill, on the theory that they represent 25 percent of the medical costs of older people.

I believe this to be a deserving and important change, which would result in increasing the cost of the voluntary package by 75 cents a month each for the Government and the individual covered.

I was impressed with the strong view of the Department of Health, Education, and Welfare that this question had to be researched rather carefully, even to write the correct definition. For example, the Department made the point that common use drugs, could they be made available by prescription for older persons, might conceivably be abused as a privilege. Very few persons would do this, but it is possible. It is possible to make them available to a whole family by purchasing an excessive amount of such drugs, as the whole supplementary aspect of the bill will not take effect until January 1, 1967.

I was persuaded that we should perhaps proceed in a more orderly way by having the Department study the question carefully, including questions which involve "name" drugs, which are often much more expensive than the same drugs without a trade name.

As to the question of how prescription drugs could best be handled, I agree that the Congress should get the report of the Department in order to act on it in an intelligent way, and I am persuaded that this approach has the sympathy of the Senator from Louisiana and, given practicality, it is the kind of improvement which he would like to see made.

For those reasons, I agreed with the Department and the Senator in charge of the bill to begin in a somewhat lower gear by calling for a study and giving an exact date of the report; namely, 6 months before the bill would take effect, in the expectation that, based upon that report, we could legislate much more authoritatively and much more wisely.

Mr. SALTONSTALL. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. I heartily approve the Senator's recommendation. As the Senator knows, in the original medicare bill—which he filed, and I joined him and took it over at a later date as my bill—was the same question of drugs which he now brings up.

What he is doing and saying is that it is wiser to study what the effect is and what the cost is. I am glad that he is doing it that way. I certainly wish to join him.

Mr. JAVITS. I thank the Senator. I should be glad to join the Senator as a cosponsor of the amendment, if he wishes.

Mr. SALTONSTALL. Yes; I am happy to be a cosponsor.

Mr. JAVITS. I ask unanimous consent that the Senator from Massachusetts [Mr. SALTONSTALL] may be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, there is quite an interesting precedent for this action. I believe I mentioned it to the Senator from Louisiana. I started a similar campaign to extend the minimum wage to restaurant and hotel workers, and did it with the same technique. We called for a report.

The report was rendered. The provision is now included in the bill before us.

I believe that based upon that experience this is the solid way to proceed. I hope very much that the Senator from Louisiana will agree to accept the amendment.

Mr. LONG of Louisiana. I am happy that the Senator from New York has offered the amendment in this form. He raised this question yesterday. I pointed out to him at that time that this is a subject which requires a great deal of study. Neither our Government nor other governments have been able to reach a satisfactory answer to the question involved. We have had reports on studies made in other countries, and they have had great difficulty in administering this phase of the program. There is too little experience to start off on a new program with drugs prescribed to patients outside of institutions. The recordkeeping and papershuffling is of major proportions when you are reimbursing patients for drug expenditures and the chances for abuse are much more common than as to other medical benefits.

The experience of other countries indicates that "drugs" is an area which should be thoroughly studied before undertaken. Utilization rates and prices are particularly difficult to estimate. Physicians are likely to prescribe high priced drugs when they know a third party and not the patients will bear the expense.

New Zealand Government health scheme between the years 1943 and 1960, showed that the number of prescriptions per capita rose from 2.1 to 5.9 per annum—and the average price of each prescription more than doubled. In other words, they were paying 6 times as much, after 17 years of experience, than they had paid at the time the program was initiated. These increases occurred when much more stringent limits were being placed on the benefit.

In Austraila utilization rates have increased from 1.09 in 1953 to 2.40 in 1960, while the average price prescription has increased by 36.7 percent for the 7-year period.

Under the National Health Service in Britain between 1949 and 1957 the average price approximately doubled and a deductible was imposed on first the prescription and then each item in the prescription. The imposition of this charge has been one of the hottest political battles in England.

In Norway, early experience with the provision of drug benefits resulted in costs which made it impossible to underwrite the provision of all drugs. Consequently, at the present time the sickness funds pay only for a limited number of drugs required for long-term illnesses.

In the United States, State public assistance plans have wrestled with the problem of drugs. California is, per-

haps, typical. Originally, the California medical care programs paid for substantially all drugs.

This resulted in such large drug costs that an advisory committee was soon established to develop a formulary of drugs which would be "lifesaving, whose withdrawal would do irreparable damage and, to a limited degree, for the relief of pain." On April 1, 1959, the formulary became effective for two of the three California medical care programs: old-age security and aid to the blind. The effect of the formulary was to reduce, almost immediately, drug expenditures under the two programs to a point where surpluses began to accrue. The formulary was extended somewhat beginning July 1, 1960. These are some of the problems we run into in this field.

Therefore, I am happy that the Senator from New York makes it possible to study the subject. I will cooperate with him, so far as I am able to do so, to see that the subject is thoroughly studied. Drugs are a serious part of the expenses involved in the program, particularly with respect to patients who are not in a hospital but are out of a hospital, and those are areas where great abuse can take place if the program is not properly administered. If it is properly administered, great benefits can come from it.

Mr. JAVITS. In view of the fact that we are being rather modest in trying to do this in a substantial way, will the Senator from Louisiana extend his best efforts to see that the provision stays in the bill, and that it is not excised?

Mr. LONG of Louisiana. I shall be glad to do whatever I can. The Senator knows that the House conferees are outstanding Members of Congress, and their feelings must be considered too; but I shall use my best efforts to see that the study is made.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. WILLIAMS of Delaware. I believe that the amendment of the Senator from New York embraces a constructive suggestion. I may not be one of the conferees, but if I am, I assure the Senator that I shall do my best to keep the amendment in the bill, because I believe it is a worthwhile amendment.

Mr. JAVITS. I thank the Senator from Delaware.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. COOPER. I believe that there has been a great deal of misinformation and misunderstanding about what is covered by the bill, particularly with respect to drugs. It would be well if the Senator from Louisiana, the Senator in charge of the bill, would describe the place of drugs in the bill.

Mr. JAVITS. The Senator from Louisiana is absent from the floor temporarily. What I tried to do with my original amendment was to apply the same provision with respect to the administering of drugs to a patient in a hospital to the supplementary voluntary coverage with respect to a patient who is not in a hospital. The drugs which are given free to a patient in a hospital are defined under the first part of the bill. Those same drugs are not made available to a patient who is not in a hospital, and who is under the supplementary voluntary coverage. I have tried to include those drugs that are given outside a hospital.

When that proposal ran into the argument that it would be abused, I decided that the best way to go about it would be to have an authoritative study made of the problem, in the hope that if it resulted in a feasible plan, it could be incorporated before the supplementary program went into operation, so that 6 months before the supplementary plan took effect it could be made a part of it. We thought this was a most constructive procedure, in that it answers what is in the bill and what we are trying to do.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

Mr. RIBICOFF. Mr. President, I rise in support of H.R. 6675, the Social Security Amendments of 1965.

For me this occasion marks the end of a long journey that began when President Kennedy asked me to serve in his Cabinet as Secretary of Health, Education, and Welfare. From that day—and even before—the national goal of enactment of legislation to provide social security-financed health care for our older citizens has been my personal goal. In 1961, as Secretary of HEW, I said:

> The high costs of medical care for the aged are going to be paid for in this country. The issue is not whether to pay for these costs. The only issue is how to pay for them.

That remains my conviction today. And today, with the passage of this bill, we are about to settle this issue.

BASIC PRINCIPLES OF SOCIAL SECURITY REAFFIRMED IN H.R. 6675

Mr. President, it is fitting that we should act on this historic legislation on the eve of the 30th anniversary of the signing of the original social security law. The enactment of that legislation one generation ago established the Nation's basic program of protection against poverty and dependency in old age. Reliance on public and private charity is only a fraction of what it would have been in the absence of social security.

In 1950 we reaffirmed the basic decision of 1935. The Social Security Amendments of 1950 reaffirmed the basic principle that a contributory system of social insurance in which workers share directly in meeting the cost of the protection afforded is the most satisfactory way of preventing dependency among older people and other economically disadvantaged groups.

I submit that once again we need to reaffirm this basic principle. In 1950 the situation was one in which more older people were on public assistance rolls than were eligible for benefits under social security. The drain on public revenues—Federal, State, and local—was large and growing larger every day. Faced with the choice of improving the social security program or expanding the role for assistance, the Congress decided that the social security system should be extended, brought up to date, and made more effective as a means of preventing dependency.

The situation we face today is similar to that faced in 1950. At that time, large numbers of older people had to go on the assistance rolls to meet everyday living costs for food, clothing, and shelter. We now find that a large and growing proportion of people must turn to public assistance because they are not able to meet their health costs. Today 40 percent of the money being spent for public assistance to older people is spent for medical care. Our enactment of a social insurance program providing protection against the major and unbudgetable costs of serious illness is needed to prevent increasing numbers of our elderly citizens from having to turn to public assistance to get the medical care they need.

To avoid high costs to the general taxpayer at local, State, and Federal levels and to protect the dignity and independence of older people, we must once again place our main emphasis on social insurance to prevent indigency.

NEED FOR HEALTH INSURANCE PROTECTION

There is no question but that there is a basic need to help our senior citizens meet the heavy burdens of medical care. More than 10 percent of the population of this country—more than 18 million people—are today 65 years of age or older. That group is increasing by 1,000 persons every day. By 1980 they will number nearly 25 million. But we know far more about these older citizens than just their number.

We know they are not wealthy. Fourteen million of them have incomes so low that they pay no Federal income taxes.

We know they need medical care. Nine out of ten will go to the hospital at least once after reaching 65. Two-thirds of them will have to go to the hospital more than once. Half the married couples must expect that, between husband and wife, they will have to pay the cost of four stays in the hospital after age 65.

We know that they require more extensive medical care than younger people. Their hospital stays will be longer; the period of recovery more prolonged; the need for extended posthospital care will be greater.

In sum, we know that our older citizens need a great deal more medical care than the general population, but that they are far less able to pay for it. Through our genius in the medical sciences we have discovered how to prolong life—but in the social sciences we have not yet moved to enable the older citizen to enjoy those twilight years without the crushing burden of high medical costs.

We all know of cases where the years of security and independence that an

aged person had hoped for and planned for were turned into insecurity—and finally dependency on their sons and daughters or on the public. We also know of cases when the inability to pay large medical bills has deterred the older person from seeking needed medical treatment to the detriment of his health.

HEALTH BENEFIT PROVISIONS OF H.R. 6675

The program proposed by the bill is built around the idea of bringing into play the several resources taht can contribute the most, each in its own way, to combating the insecurity that stems from illness in old age. The present social insurance program provides a system toward which almost everyone makes contributions during the working years, so that reliance on social insurance will assure that practically everybody has basic hospital insurance in old age.

Those relatively few people for whom the social security system was enacted too late—those already in advanced years and not eligible for social security benefits—would be afforded the same protection, but it would be paid for out of general revenues.

The proposed hospital insurance constitutes the most needed and the most basic protection, comprising benefits to pay hospital costs and the cost of certain organized services that are provided, following hospitalization, in extended care facilities and at home. Just as social security cash benefits provide only basic protection and thereby serve as a base on which the individual is encouraged to build additional retirement income through savings plans, annuities, and other programs, both public and private, this hospital insurance protection would serve as a base on which the aged could build supplementary health insurance.

Under the bill, a voluntary supplementary medical insurance program covering physicians' services and other health costs would be provided through another new element of the Federal social insurance system, a plan of voluntary insurance that would be underwritten by the Federal Government and would be open to virtually all older Americans who choose to enroll. This supplementary plan would be financed, in equal shares, by enrollees and by their Government.

This is, for the most part, a well-balanced bill, which makes use of these two separate, but coordinated, programs of health care insurance, and provides increases in cash social security benefits as well. It deals with the several threats to the independence and security of the aged, each in a way most appropriate from the standpoint of benefits, of financing, and utilization of our health resources.

The basic protection is provided in part A of the new title XVIII which H.R. 6675 would add to the Social Security Act. This basic plan will provide protection against the costs of hospital and related care. It will offer protection against the single largest source of expense in illness among the aged.

This is the approach to protecting our aged citizens against the high cost of illness which I have consistently advocated.

This plan of basic protection against the costs of hospital and related care will be financed through a payroll tax, levied equally on employers and employees. The taxes collected will be earmarked, and paid into a separate trust fund established in the Treasury. There is thus no basis for any argument that this program can in any way endanger the actuarial balance of the old age and survivors insurance trust fund.

Benefits under the basic plan will be available to all persons who are 65 or over and who are now or who will be eligible to receive social security or railroad retirement monthly benefits. Coverage will also be extended, financed out of general revenues, for almost all other people who are now 65 or who will reach age 65 before 1968.

Beginning July 1, 1966, benefits covering inpatient hospital services, diagnostic and certain specialty services, and posthospital home health services will be available under the basic plan; posthospital extended care—in skilled nursing homes and other facilities—will be available after January 1, 1967.

Payment would be made under the basic plan for inpatient hospital services for up to 120 days in each spell of illness, subject to an initial deductible amount of $40 to be paid by the patient, and a contributory rate of $10 a day for each day beyond the 60th day. All services normally furnished by the hospital to its inpatients would be covered.

Outpatient hospital diagnostic services would be paid for under the plan, subject to a deductible amount of $20 for diagnostic services furnished by the hospital in a 20-day period. The amount paid for outpatient diagnostic services would be credited against the $50 deductible amount for physicians' and other services under the voluntary supplementary plan.

Two kinds of post-hospital care would be paid for under the basic plan. First, payment would be made for nursing home care after an inpatient hospital stay of at least 3 days. Coverage is provided for between 20 and 100 days of post-hospital nursing home care, with the patient contributing $5 a day after the 20th day. Second, the basic plan would provide payment for post-hospital home health services for up to 175 visits, after an inpatient hospital stay of at least 3 days, or upon discharge from an extended care facility. Home health services would have to be furnished under a plan established by a physician within 2 weeks after discharge from the hospital or extended care facility. Covered home health services would include intermittent nursing care, therapy, and the part-time services of a home health aid.

CATASTROPHIC ILLNESS AMENDMENT

If the bill is lacking in any particular it is that it does not provide full benefits for aged people requiring extremely long periods of care in a hospital or extended care facility or the long continued services of a home health agency. Despite the extension of inpatient hospital coverage to 120 days—60 days more than proposed by the other body—and the extension of limits on benefits for extended care and home health visits, the older person suffering an illness that necessitates even further care will see his life savings disappear if his benefits run out.

As the senior Senator from Indiana and I stated in our supplemental views to the Finance Committee's report on H.R. 6675:

> Having included in the House-passed bill additional coverage at a first-year cost of $140 million, we should not lose this opportunity to do the whole job—to cover the most tragic cases—those cases of catastrophic illness which few individuals are equipped to handle alone. We can accomplish this for an additional $110 million first-year cost, giving us the truly comprehensive health insurance protection our older citizens need and deserve.

Mr. President, I will introduce an amendment to H.R. 6675 to assure all older people that they need not fear the crushing economic burden of catastrophic illness—the truly tragic long-term costs of sickness in old age.

As reported the Senate bill takes a step in this direction by adding to the House bill an additional 60 days of inpatient hospital care for which the patient pays $10 a day over and above the initial $40 deductible. Also, the Senate bill provides additional nursing home care with a $5 a day coinsurance feature and 75 additional home health visits. These improvements in the bill over the House version were proposed by the Senator from Indiana [Mr. HARTKE] and adopted by the full Committee on Finance.

The estimated first-year cost of the Hartke amendment is $140 million over and above the House bill.

My amendment takes the Hartke amendment one further step and establishes a program of complete insurance protection for the aged against truly catastrophic illness. It does so by removing the limitation in the present bill on the number of days of coverage for inpatient hospital services and posthospital extended health services and eliminating the coinsurance features on such care. In other words, it says to an individual that if an illness extends beyond 60 days or 120 days or any period beyond that, he is protected against the high costs of such long-term, catastrophic illness.

I am pleased to say that the Senator from Indiana [Mr. HARTKE], who authored the benefit extension now in the bill, joins me as a cosponsor of this amendment, along with the Senator from Rhode Island [Mr. PELL] and the Senator from Rhode Island [Mr. PASTORE].

AMENDMENT NO. 316

Mr. President, I submit and send to the desk for printing the amendment.

The amendment (No. 316) was received, ordered to be printed, and to lie on the table.

Mr. RIBICOFF. Mr. President, this is a simple amendment directed at a basic weakness in the basic health insurance provisions of the bill. The amendment carries an additional first-year cost of $180 million. Initially we calculated that the additional cost would be in the range of $110 million based on a memo which

was furnished to the Committee on Finance on June 17 by the Department of Health, Education, and Welfare. I asked the HEW experts to recalculate the first-year cost of the amendment to be absolutely certain of its effect on the bill. They now inform me that this amendment will add $180 million to the first-year cost of the reported bill. Under the amendment, the additional cost will be financed out of general revenues.

ADMINISTRATION OF PROGRAM

The Secretary of Health, Education, and Welfare will be responsibe for the administration of both the basic and the supplementary plans. The Secretary will use State agencies and private organizations to perform major administrative functions in carrying out these responsibilities. Conditions for participation will be applied to the institutions by the State agencies.

Bills will be paid to those providing services under the basic plan on the basis of the reasonable cost of caring for the beneficiaries. Hospitals and other institutions may elect to be represented by a private organization, and to deal through it. The bill would also authorize the Secretary to delegate to such an organization the functions of making payments from the hospital insurance program. If any group or association of institutions receiving assistance wishes to have payment made through a third party, the Secretary is authorized to enter into an agreement with the third party to act as a fiscal agent for the purpose of determining the amount of payments to be made to the providers of services.

IMPROVEMENTS OVER PREVIOUS PROPOSALS—SUPPLEMENTARY BENEFITS

Mr. President, we have considered, reflected upon, and debated the subject of hospital insurance for the aged under social security for 20 years.

When the administration's proposal was laid before the Congress at the beginning of the session, there were those who contended that it was defective; they said it offered only partial protection because it failed to cover the costs of physicians' and surgical services, and the cost of other services likely to be associated with serious illness in old age.

Out of that disagreement came a stronger, a better bill. As it stands before us today it offers not only the basic plan of coverage for hospital and extended care benefits, it also offers a voluntary supplementary plan of protection against most of the major costs of serious illness not covered by the basic plan.

By paying a monthly premium of $3, which will be matched by the Federal Government out of general revenues, an individual will be insured against a wide range of health care costs. The voluntary, supplementary plan will provide coverage, subject to a deductible amount of $50, for 80 percent of the costs of physicians' services, home health services, prosthetic devices, and other health services furnished both in and out of medical institutions. Federal financial assistance would thus be made available to cover the costs of physicians' and surgical services, wherever they are furnished—in the hospital, the clinic, the doctor's office, or in the patient's home; the costs of home health services—but without regard to a prior period of hospitalization, as required under the basic plan; the costs of X-ray, radium, and isotope therapy; the costs of dressings, splints, braces, and other prosthetic devices; and the costs of laboratory and diagnostic services. This coverage, provided under part B of the new title VIII, will be available to all individuals who are over 65 and residents of the United States.

The $3 monthly premium will not place an added burden on our older people, because other portions of H.R. 6675 provide for a 7-percent across-the-board increase in cash social security benefits. The 7-percent increase will amount to a larger monthly payment of at least $4 for an individual, or $6 for a man and wife over 65, and the beneficiaries can elect to have the premiums for the voluntary, supplementary coverage deducted from their monthly cash benefit payments.

States will be permitted to elect to have some or all of the aged who receive cash payments under their public assistance programs covered by the supplementary plan, and the State would then pay the premiums in behalf of the individuals.

Enrollment and reenrollment in the supplementary plan will be limited to specific periods of time, and the bill provides for increased premiums in the case of those who drop out of the program and reenroll, or who enroll late. These limitations are necessary to safeguard against the possibility of people enrolling in the program only when their health has deteriorated to the point where the prospect of payment is no longer an insurable risk, but a virtual certainty. For the insurance program to be soundly based, it must cover essentially all members of the group in periods of good health, as well as in illness.

The supplementary plan provides a comprehensive package of benefits, buttressed at the appropriate places by safeguards against overutilization.

A separate trust fund will be established for the supplementary plan so that the old age and survivors' insurance trust fund can in no way be endangered by the existence of health care insurance.

ADMINISTRATION OF THE SUPPLEMENTARY PLAN

With the supplementary plan, just as with the basic plan, the overall responsibility for administration of the program will rest with the Secretary of Health, Education, and Welfare. But the detailed administration and supervision of the supplementary plan, will be performed by intermediaries. The bill provides that, to the extent possible, the Secretary shall enter into contracts with carriers to perform the major administrative functions relating to the medical aspects of the program. Thus, it would be the carrier's responsibility under the contract to see that payments of Federal financial assistance were made to institutional providers of services on a cost basis, and that the charges for services rendered by physicians are reasonable. It would be the carrier, pursuant to the contract, that would audit records and determine compliance with utilization review requirements. The Secretary's job, essentially, would be to see that the carriers do their job.

ROLE OF THE PHYSICIAN UNDER MEDICARE

The physician is the key figure in these health care plans. He is the one who will determine in the first instance whether a patient should be admitted to a hospital; he will determine what drugs, what tests are necessary; he will determine how long the patient should remain in the hospital, whether the patient should be transferred to an extended care facility, and whether home health services are necessary to rehabilitation or recovery. The physicians will be the key figure in utilization review. There will be no change in the form or organization of medical practice as a result of this bill.

Doctors will not change; hospitals will not change; the patient's free choice of doctor and hospital will not be altered. The Government will not tell physicians how to practice their profession. The Government will not provide any services to patients under the health care plans.

Under the supplementary plan, which, as I have said, will be administered by the private sector—by private carriers—physicians will have the same responsibility and authority for treating their patients as they do today when they treat patients who participate in privately financed insurance plans. Under the basic plan, the physician will have basically the same experience that he has when the patient's hospital bills are paid through Blue Cross.

For most general hospitals, the only thing new that the law will require—since most hospitals will already have rejected racial discrimination—will be that they have a utilization review plan. Apart from that condition, the law will adopt professionally established standards generally recognized as necessary by the professional health associations, as necessary to insuring safe and adequate care in the facilities which will receive Federal financial assistance under this legislation.

STANDARDS OF HEALTH CARE

Far from attempting to dictate conditions to the health professionals, the implementation of this law will support their most responsible, forward-looking efforts to raise the standards of health care. The legislation provides that hospitals accredited by the Joint Commission on Accreditation of Hospitals will be conclusively presumed to meet all the conditions necessary for participation, except utilization review. The joint commission is a voluntary association composed of representatives of the American Medical Association, the American Hospital Association, the American College of Physicians, and the American College of Surgeons. At the present time, hospitals having 594,000 of the 698,000 general hospital beds are accredited by the Joint Commission.

If the Joint Commission should adopt a utilization review requirement, then its accreditation of a hospital could be made conclusive on that matter also.

Both the American Medical Association and the American Hospital Association have recommended that hospitals initiate utilization review plans. The AMA statement on utilization review said that:

> The judicious use of hospital facilities by the public and physicians is essential to the efficient and economic functioning of the prepayment and voluntary health insurance systems.

That statement applies equally no matter what the source of payment is—whether the patient's bills are paid out of a privately financed insurance fund, or out of a contributory social insurance fund, as they will be under this legislation. I think it is fair to say, then, that to the extent that the requirement of utilization review is something new to some institutions, it is a step forward, and one desired by the health professionals themselves.

IMPROVED NURSING HOME CARE

The conditions set out in the legislation for the participation of extended care facilities are necessary to assure that covered services will provide high quality convalescent and rehabilitative care to patients once the acute stage of their illness has passed. These conditions are also intended to carry out the intent of this legislation to provide essentially medical, rather than custodial care in these facilities. Thus, the bill requires that the extended care facility have an agreement with a hospital for the orderly transfer of patients; that its policies be determined by a physician, registered nurse or medical staff; that it maintain clinical records on all patients; and that it maintain around-the-clock nursing service, and require that each patient be under the care of a physician.

The conditions for participation will be applied by State agencies, not by the Federal Government.

Each State, under an agreement with the Secretary of Health, Education, and Welfare, will determine whether the hospitals, extended care facilities, and home health agencies within its jurisdiction meet the conditions for participation in the program of Federal financial assistance. The bill also authorizes the Secretary to enlist the aid of the State agencies to assist institutions in establishing and maintaining the necessary records and utilization review procedures for participation in the program.

Beyond these conditions, necessary to assure safety and high quality of care, and to avoid improper or excessive utilization of facilities, hospitals and other institutions have only to enter into an agreement not to charge patients for services paid for under the hospital insurance program, and to abide by title VI, of the Civil Rights Act. That agreement could be terminated by the hospital on relatively brief notice at any time; and the hospital is protected by right of hearing and judicial review against arbitrary termination of the agreement by the government.

Hospitals will be receiving payments through third parties of their own choosing; the supplementary plan will be administered by private insurance carriers; conditions for hospital participation will be determined by State agencies. Doctors will continue to treat their patients as they always have; patients will continue to choose their doctors.

STATE MEDICAL ASSISTANCE PROGRAMS

Mr. President, the health care programs I have been discussing, together with the strong, underlying foundation of the basic social security program offer the means of allowing people to plan and provide for secure retirement. These programs are the means of preventing impoverishment by maintaining a source of usable income in those later years.

Unfortunately, in our society as in every society, there will always be among our population those who must to some degree depend upon the other members of society to provide them some measure of support. Some are blind, or disabled. There are others who are indigent, but who can be made self-sufficient. Some are too old to work; others are helpless children.

With humanity, out of conscience, in compassion, we provide for those who cannot provide for themselves.

With great good sense, in recognition of mutual advantage, we seek to rehabilitate and to make self-sufficient those who can be made able to provide for themselves.

We do this through our public assistance programs.

The Federal Government has helped the States meet their welfare responsibilities in these programs since 1935.

In 1950, the Social Security Act was amended to authorize the States to make vendor payments to provide medical care to the needy aged, to the blind, to the disabled, and to dependent children. And, since the enactment of the Kerr-Mills law in 1960, 40 States have initiated programs to provide medical care to aged persons who are basically self-sufficient, but whose incomes are not adequate in the face of serious illness.

At the present time the authority for these medical assistance programs is provided in five separate titles of the Social Security Act. H.R. 6675 would combine these five medical assistance programs into a single program, with uniform standards, in a new title XIX of the act. The new, consolidated program will reach a total of about 8 million needy persons. It will involve additional Federal expenditures of about $200 million.

Whether a particular State wants to include the new medical assistance program in its public assistance programs would continue to be up to the State. But if it elected to provide medical assistance, the program would have to make medical assistance available on a reasonably equivalent basis to all needy persons receiving assistance under the dependent children, blind, and permanently and totally disabled programs.

This bill, H.R. 6675, sets new standards with regard to determinations of need—the use of means tests—by the States in their medical assistance programs. The bill would require that the means test for medical assistance be the same as that applied to applicants for cash benefits under other State public assistance programs; it would require that income disregarded in determining eligibility under other public assistance programs be disregarded in determining an individual's need for medical assistance. The bill would also require that only income and resources actually available to an applicant may be considered in determining need, and that contribution may be required only from spouses, or from parents for their minor or disabled children.

The bill would allow a State to require an individual to contribute toward the cost of his medical care, but only insofar as his income exceeded the level at which he would qualify for cash public assistance payments. It is the intention of this latter provision to avoid the absurdity of restoring an individual's health only at the expense of his self-sufficiency.

Finally, the bill would require States to apply means tests on a flexible basis, so as to take into account not only the individual's income, but also the cost and extent of the medical care he requires.

I think there is no question that these changes which H.R. 6675 will make in the way that means tests are applied by the States are sound. They strike a sensible balance.

It is reasonable to allow States to make determinations of need and eligibility for public assistance programs; but it is unreasonable to allow the standards of eligibility to be applied in such a way that they prevent assistance from reaching those who may need it most.

It is unreasonable to allow them to be applied in such a way that families are driven apart by fear or humiliation, or that human dignity is diminished, or self-sufficiency destroyed.

There have been other aspects of the State medical assistance programs, quite apart from the determination of eligibility, which have been less than satisfactory. Frequently, there has been much unevenness in the benefits provided in the various programs; frequently, the benefits provided, particularly to the aged, have not been sufficiently comprehensive to guarantee adequate care. To meet some of these objections, H.R. 6675 will establish minimum benefit requirements for the combined medical assistance program under title XIX, and, by making Federal funds available on a more liberal basis, it will encourage the States to enlarge and improve their programs.

Under new provisions, beginning July 1, 1967, those States which choose to operate under title XIX would have to include at least six services in their medical assistance programs: Physicians' services—wherever they are furnished; inpatient hospital services; outpatient hospital services; laboratory and X-ray services; dental services for children under 21; and skilled nursing home services. In addition to these minimum, required services, States may elect to include a wide range of other services, such as home health care, other dental care, prescription drugs, prosthetic devices and physical therapy.

Under other provisions, Federal matching funds will become available to the States on a more liberal basis. First,

there will be no limit on the amount of State expenditures for medical assistance that will be matched by the Federal Government. Second, the range of Federal matching payments would be raised from the present 50 to 80 percent to a new level of 55 to 83 percent. Third, the bill provides 75 percent matching for State expenditures for training and compensation of skilled professional medical personnel and staff. Finally, there are provisions in the bill to insure that no State will receive less because of the new formula.

I think there is no question that the revisions made by H.R. 6675 will greatly strengthen the State medical assistance programs. We can expect more logical and accessible, more fair and more effective, medical assistance programs. The States are given ample incentives to upgrade and expand their programs. The quality of care will be higher and more uniform. And barriers to effective distribution of services, and unfair and unreasonable elements of administration will be removed.

These three great health care programs which are included in the first part of H.R. 6675—the basic social security-financed hospital plan; the voluntary supplementary medical care plan; and the improvements of the State medical assistance programs—are sufficient in themselves to be the subject of a bill which would deserve to be called a legislative monument.

And yet, they are only a part.

Only by recognizing that this is so can one truly appreciate the scope of this legislation, and the place that it will occupy among the laws enacted by this or any other Congress.

HEALTH CARE NEEDS OF THE YOUNG

This bill is a bill for the health of the aged; for the health of young children, and of children unborn. Some persons may say, in talking about the bill, that all we are dealing with is the problem of health care for the aged. However, in my opinion, the bill is the broadest-range bill in the entire field of social welfare ever to be conceived and passed by Congress. It is a bill for the sound development of those who have built our society, and a bill to assure the contributions of those who must tomorrow be her builders.

And let us not delude ourselves; let there be no mistake about it; our world is day by day, more and more, a world which will be moved and shaped by the young. It is our young people who will be called upon to give direction and leadership to our fast-changing society.

The children of today—the leaders of tomorrow—must be prepared for this challenge.

The second great part of this bill concerns itself with providing for the health care needs of the young. The costs of allowing these needs to go unattended are immeasurable. The costs are reflected in the needless loss of infant life when mothers and children do not have access to proper health care, in the wasteful loss of talent when handicapped children are not rehabilitated, and in appalling deterioration of our national strength when great numbers of our young men cannot qualify for military service.

H.R. 6675 would make three important changes in the existing child health programs, and would also begin a significant new program to prevent and identify child health problems, and to provide special care for emotionally disturbed children.

First, the bill would increase the authorizations for the maternal and child health programs under title V of the Social Security Act by $5 million in fiscal 1966, and $10 million in each of the succeeding fiscal years, thereby raising the annual ceiling to $60 million. The States contribute more than three times as much as the Federal Government to the support of these programs. In 1964 alone, the States spent $92 million, which was matched by a Federal contribution of $28 million. These funds support prenatal and well-child clinics, infant immunizations, and diagnosis and treatment of mental retardation. While the programs have in the past contributed importantly to the reduction of maternal and infant mortality, the job is getting bigger and costlier, and there are wide variations in the availability of these services both among the States and within States.

Second, the bill authorizes identical increases in the annual authorization ceiling for crippled children's services, and broadens the kinds of services which States can make available under their programs. In 1964 two-thirds of the $89 million spent on the crippled children's program came from the States. The program has been highly successful, but it needs to be enlarged.

Third, the bill authorized an important program to train professional personnel for the care of crippled and mentally retarded children. It authorizes $5 million in fiscal 1966, $10 million in fiscal 1967, and $17.5 million in 1968 and succeeding fiscal years for such training. The effects of the long-awaited and long-needed growth in programs for handicapped and mentally retarded are being felt in an increasing shortage of adequately trained personnel. As the States plan for and implement comprehensive mental retardation and other mental health programs, the need for trained personnel will continue to grow. It makes no sense to increase the availability of clinical facilities without providing for adequate professional staffing. It makes no sense to construct community and university centers if the lines at the doors are to grow longer every day.

If we are to progress in the direction charted by the maternal and child health and mental retardation planning amendments, and by the Community Mental Health Centers Construction Act, it is essential that we begin now to develop the needed human resources, because no aggregation of bricks and mortar, nor any sophisticated piece of machinery, can by itself rehabilitate a handicapped child. Trained people can. And this bill will make it possible to train those people.

Finally, the bill authorizes the beginning of a new 5-year program of special project grants to provide comprehensive health care and services for school-age and preschool children, and to give special care to emotionally disturbed children.

These projects will be carried out largely in areas with concentrations of low-income families. These poor children do not have access, in any genuine sense, to necessary health care and services. Children in families with incomes of less than $2,000 visit a doctor only half as frequently as those in families with incomes of more than $7,000. Children from families with incomes under $2,000 are hospitalized at the rate of 42.4 per 1,000; when family income is $7,000 or more, the hospitalization rate rises to 67.7 per 1,000. These figures cannot, of course, mean that poor children are healthier. The draft-rejection statistics prove exactly the opposite.

Rapid increase in the child population is steadily overcrowding the clinics which are now available to low-income families, and poor children are not getting adequate preventive health services. As a result, many go through life unnecessarily handicapped; many suffer unnecessary impairments which diminish their capacity to benefit from education.

This is waste. It is a waste of lives, a waste of talent, and an economic waste.

We can, and will, through the projects that will be financed under the new program set up by section 532, put an end to some of this waste. The projects will provide screening, diagnosis, preventive services, treatment, correction, and aftercare for poor children. And, in communities where there are school health programs, but where diagnostic and treatment services are inadequate, the program will make it possible to maximize community resources and to provide adequate followup to the school health program. They will also bring, for the first time, as a result of an amendment I proposed, hope to the families of thousands of emotionally disturbed children.

The Federal Government will provide up to 75 percent of the cost of these projects. The funds will be made available to the State health agency or to local agencies or teaching hospitals with the State agency's consent. Over the 5-year period, the legislation authorizes appropriations increasing from $15 million in fiscal 1966 to $55 million in fiscal 1970—a total of $200 million.

The bill also authorizes the National Institute of Mental Health to survey available resources for dealing with the problems of emotionally disturbed children.

I say to each of my colleagues that we will never vote for money better spent. I will go further. I say that money is not spent, but invested, and ultimately saved. Healthy, educated children will not become burdensome figures on the welfare rolls—they will be strong, straight, useful, contributing participants in America's future.

I think that not only in America but everywhere around the world, in every society, people give particular consideration, they exhibit a special compassion for children. That is based on more than some kind of universal emotional re-

action. For every society is mirrored in its children. Their faces—the joy, or the sorrow—reflect much of the character of their society. Orderliness or dislocation, freedom or restriction—in short, the vitality and strength of a society is seen in its youth.

So if we are here paying particular consideration to the children of this country, it is proper. If we are especially concerned—and concerned about the children of the poor—that too is proper. The stability, the strength, every aspect of this country's future, depends upon our expressing that concern today and renewing it tomorrow, next year, and in the years to come. America can have no better defense, and indeed there is no more certain guarantee of future greatness, than healthy and educated young people generation after generation.

PUBLIC ASSISTANCE IMPROVEMENTS

A third part of H.R. 6675 makes important changes in the public assistance programs. One such change will result in about $150 million in additional Federal funds being paid out through the State public assistance grants. The matching formulas for the assistance programs are amended by the bill to provide increased Federal participation of about $2.50 a month per recipient in the programs of aid to the needy aged, blind, and disabled, and about $1.25 a month per recipient in the programs for needy children.

Another change which H.R. 6675 makes is the removal of the restriction on Federal participation in assistance programs where the recipients are in mental or tuberculosis hospitals. Years ago this limitation might have been reasonable. At one time, people institutionalized as psychotics or tuberculars were virtually given up as hopeless. Tremendous advances in medical techniques for the treatment of these conditions now make the outlook far more hopeful. The original limitation in the law was based on the assessment that these patients required long-term institutional care—which was a State responsibility.

BASIC SOCIAL SECURITY COVERAGE EXPANDED

Finally, Mr. President, in the fourth part of this monumental piece of legislation, we perfect and expand the basic social security coverage.

Most important, we increase social security benefits, across the board, by 7 percent.

This increase has been long overdue. It would have been enacted last year, if the conferees had been able to reach agreement on a medicare program. I think it is, therefore, wholly proper that the increase is made retroactive to January 1, 1965. This will mean an additional $1.2 billion in benefits paid during fiscal 1965. The 20 million people who are receiving social security benefits face rising living costs with a fixed income. For most of them, their social security benefits constitute their major source of support.

Certainly it is true that social security benefits are intended to furnish only a basic floor of income security to the aged. For many aged persons, these benefits are only a supplement to earnings from limited employment. Many of the aged continue to be productively employed long after their official "retirement." The social security program has from the very beginning been designed to encourage individuals whenever possible to regard the program as a supplemental, rather than a substituted source of income after retirement. Other provisions of this very bill enlarge that concept by substantially raising the amount of income that an individual may earn without a reduction in social security benefits.

But for the largest number of the aged, social security benefits are very near to being their only source of support.

Our goal is to maintain their security, their dignity, and their self-sufficiency. We cannot do that by consigning them to live at levels we condemn as unacceptable.

In addition to the 7-percent cash benefit increase, the legislation makes a number of other significant and desirable changes in the OASDI program.

It will make benefits payable to children of deceased or disabled workers until the child reaches age 22—so long as he is a full-time student at a public or accredited vocational school.

This change in the law will make it more fair and more realistic. There are about 295,000 children 18 to 21 years of age who have suffered the loss of parental support and who would qualify for $195 million in benefits annually. If one of these young people is attending a vocational school or college full time, he is just as surely dependent, in any reasonable sense of the word, as he was before he reached 18. If we expect these young men and women to become self-reliant citizens—and to do so in spite of the heavy burden imposed by the loss of a parent—we must do everything in our power to insure their opportunity for full and complete education. This provision is an excellent step in that direction.

The bill will also make actuarially reduced benefits available to widows at age 60. If these benefits are claimed by 185,000 widows, as estimated by the Department of Health, Education, and Welfare, about $165 million will be paid out in 1966. It also liberalizes the definition of disability and the conditions for payment of disability benefits; and it will make limited benefits available for a transitional period to persons over 72 who have met at least half of the present requirement for minimum coverage. Finally, it will bring 170,000 self-employed physicians under the coverage of the social security system.

Mr. President, this is a great, a monumental piece of legislation and I urge its adoption.

Mr. President, I cannot close without paying great tribute to those in the Department of Health, Education, and Welfare. I pay tribute to my successor, Secretary Anthony Celebrezze, for his hard work and energetic efforts in behalf of this measure.

I pay tribute to Wilbur Cohen, Under Secretary of the Department of Health, Education, and Welfare, who has labored so hard and faithfully over these many years for improved social security. I pay tribute to Robert Ball, Commissioner of Social Security, to Bob Myers, the actuary whose figures we rely on in the Committee on Finance and in Congress, to Charles Hawkins, Sid Saperstein, Michael Parker and all those who have labored long hours, and sometimes around the clock day in and day out over these many years in the effort to accomplish this monumental piece of legislation in the Department.

And let us never overlook the massive contribution made by our colleague, the Senator from New Mexico [Mr. ANDERSON] who will be remembered in history as the coauthor of this measure. His years of patient, unflagging leadership and devotion to this cause has resulted in the victory he is about to achieve.

Mr. President, personally, I take pride in the fact that I have long and consistently urged the enactment of these measures into law, and I do so once again.

I believe that within the next day or so, all of us, as we vote on the pending bill, will earn a debt of gratitude from the 19 million people over the age of 65, from the many children who will be benefited, and from the future generations who will thank this Congress for having enacted this landmark piece of legislation which will mean so much for all the people of the United States.

The PRESIDING OFFICER (Mr. BASS in the chair). The Senator from Illinois is recognized.

Mr. DOUGLAS. Mr. President, I wish to pay tribute to the Senator from Connecticut [Mr. RIBICOFF] for the magnificent work which he has done to achieve adequate hospital and medical care for the aged and proper care for children in need.

The Senator was a magnificent Governor of Connecticut. As the Secretary of Health, Education, and Welfare, he moved these programs along very markedly. Now, as Senator, he has worked with the Senator from New Mexico [Mr. ANDERSON] and others in developing the present legislation. The Senator is perhaps the most knowledgeable man on this subject, along with the Senator from New Mexico [Mr. ANDERSON] in the entire Senate.

I wish personally to express my thanks to him. I am sure that the country in due course will realize the great contribution which the Senator has made.

Mr. RIBICOFF. Mr. President, I thank the senior Senator from Illinois for his gracious remarks. I have always been deeply impressed with the depth of knowledge and dedication to principle shown by members of the Committee on Finance, and especially the senior Senator from Illinois.

As Secretary of the Department of Health, Education, and Welfare and now as a member of this committee, I have watched the care and diligence with which legislation, which comes to us from the executive branch, is scrutinized I have observed the independent action, marking up, discussion, and introduction of new ideas from the members of the Committee on Finance.

I know of no greater committee than the Committee on Finance. It is a great honor and privilege to be a member of it.

I welcome the privilege of associating with men like the senior Senator from Illinois. I am pleased with the great

courtesy and grace of our chairman, the Senator from Virginia [Mr. BYRD], and and every other member of the committee, whether the member is in an agreement with the proposed action on a measure or not.

I cannot conceive of any committee in any legislative body working harder on any measure than has been the case with the pending measure.

Mr. DOUGLAS. Mr. President, I thank the Senator from Connecticut. I know that the Senator from Virginia, when he reads these words in the CONGRESSIONAL RECORD tomorrow morning, will be greatly pleased at the deserved tributes which the Senator from Connecticut has paid to him.

Mr. President, I can agree with most of what the Senator from Connecticut has said in his substantive suggestions. There is one suggestion, however, which I reluctantly, and after long consideration, have concluded would not be in the public interest. That is the proposal that there should be, as I understand, an unlimited amount of hospital care without coinsurance. I believe that this would entail excessive costs and would lend itself to an abuse of hospital facilities.

I believe that we have already gone extremely far to help the aged in the pending measure. The bill would provide for 120 days of inpatient hospital service in each spell of illness. This was 60 days more than was provided in the bill which came to us from the House.

For the days of entitlement used beyond the first 60 days and up to 120 days, there would be a coinsurance feature, with the patient paying an amount set initially at $10 a day. This is approximately one-quarter of the average daily hospital cost in the country, which is now approximately $40 a day.

We have also provided coverage under the hospitalization insurance plan of the services of the hospital specialists by means of an amendment which I submitted, and which I am very glad was adopted in committee. This amendment would permit coverage under the basic hospitalization plan of the hospital services of radiologists, anesthesiologists, pathologists, and physiatrists where these services are arranged for and billed through a hospital. Therefore, we would provide a much wider range of services than would have been provided in the House bill, which was stripped down almost to custodial care. We would extend hospital care for 60 additional days, subject to the patient paying an additional $10 a day. In addition, we have extended nursing home care, after hospital care, up to 100 days. This would be 80 days more than was provided for in the House bill. These additional days would be subject to coinsurance, with the patient paying $5 a day for all days over 20. Therefore, in any spell of sickness, we would provide for up to 120 days of hospital care, subject to the initial deductible of $40 and the payment of $10 a day for the days in excess of 60, and up to 100 additional days of nursing home care, subject to a deductible of $5 a day for the days in excess of 20.

In addition, we have added what I believe may turn out to be one of the most valuable features of the bill. This amendment would provide for up to 175 posthospital home health visits by visiting nurses and therapists, and home-health aids. I regard this provision as extremely important.

We have virtually provided complete coverage in one form or another for each spell of sickness. What the Senator from Connecticut would now propose to do would be to provide unlimited hospital care.

In the long development of this program, we may come to that. It is most appealing to our emotions and to our sympathies. The actuaries inform me that the present provisions would care for between 97 and 98 percent of all cases. I grant that the remaining 2 or 3 percent may be very serious cases. However, I do not believe that we can expect the initial bill dealing with this subject to meet every contingency.

Thirty years ago, when we were working on the problem of unemployment insurance and as a citizen I was taking some part in suggesting and drafting legislation, we freely granted that we could not start with a system which would care for all the unemployed. But we did wish to erect a first line of defense against unemployment, and then, we believed, public assistance, voluntary efforts, and private savings could erect an additional bulwark. But we proceeded on the principle that we should not from the start try to provide for unemployment compensation which continued for prolonged periods of time.

We have improved the unemployment insurance laws gradually—but not as much as they should be improved. I would like to see the adoption of the proposal by the Senator from Minnesota [Mr. MCCARTHY], but I say that in the initial steps of a new program we cannot try to take care of everything at once.

We followed the same principle in connection with the social security system. We first provided rather modest benefits and covered employed persons, whether wage earners or salaried, but we did not include the self-employed. As time went on, however, we brought additional people into coverage, and we added benefits for wives, children and widows. Supplementary voluntary insurance plans also came into being. So while we do not have a unified system of old age security, by any means, we have a variety of efforts which have supplemented the original plan.

I think this is a safer path to follow in this untried field of hospital and medical care insurance for the aged.

I am very happy indeed that we have added the voluntary plan B to the basic plan. The basic plan covers hospital, nursing home, and home care. The supplementary voluntary plan covers medical and surgical care.

We are taking on a tremendous load, and I hope very much that we shall not be burdened down with unlimited hospital care. Mr. Myers, to whom the Senator from Connecticut has paid just tribute, estimates that, on the basis of past experience, the added cost in the initial year of this amendment would be $200 million. That is in the first year. Its level cost would be about $275 to $280 million. This would amount to about one-tenth of 1 percent of payroll.

But I point out that this estimate, like all estimates, is primarily based on past experience. There is a big factor in unlimited hospital care which I think actuaries cannot probe, but which needs to be taken into account. If people are assured of unlimited hospital care, many of them will want to stay in the hospital and not be moved into nursing homes or into their own homes even though there is no medical justification for their remaining in the hospital and their doctors recommend that they be discharged.

Mr. President, a hospital is a very pleasant place, if one becomes adjusted to it. If I may mention a personal experience of my own, it so happens that I was wounded in the concluding days of the war and found myself, about 2 months after I was wounded, in the Bethesda Naval Hospital. I had a series of operations and stayed there more than a year.

One morning, after I had been there nearly a year, had breakfast served in bed and had read the morning newspaper, the thought went across my mind, "This is a rather pleasant life. It would not be too bad for me to stay in the hospital."

It so happened that my future was not hopeless. I had many things to look forward to, and a life outside that was interesting and worthwhile. I loved my family and wanted to lead an active life. The fact that the mere thought of remaining in the hospital had crossed my mind frightened me severely. I realized that I might acquire a "hospital psychology," and so I immediately started to work to try to get out of the hospital.

I think we should reflect on the likely feelings of many people over the age of 65 who are in the declining arc of their lives, with not much to look forward to, but to whom, as to me, there would open up a very pleasant prospect of staying in the hospital. Under those conditions there would be great reluctance to get out of the hospital on the part of a very large proportion of elderly patients.

The Senator from Connecticut will say, "But the doctors would get them out." Doctors are subject to pressures, too. While doctors can order people out of a hospital, nevertheless, if those who are in the hospital want to stay in and put up a struggle, they can become quite expert in discovering and perpetuating illnesses, and it will be hard to get them out.

So this estimate of an initial cost of around $200 million, and an ultimate cost of perhaps $275 million, to my mind is very much less than what the actual cost would be.

There is another point involved. The vast majority of persons can get sufficient hospital care in 60 days—certainly in 120 days—and this is the most expensive type of care that can be given. The average hospital cost in the country as a whole is $40 a day.

The average nursing home cost is about $10 a day. Most people who need

custodial care should be in a nursing home rather than in a hospital. A hospital is for grave emergencies, for operations and the like; but we should not make our hospitals warehouses for the senile aged, nor should we make them warehouses for those who are indisposed.

The bill which is now before us, by putting an upper limit on the amount of hospital care which can be given, will tend to stimulate the patients to get out of the hospitals—not onto the street, but into the nursing homes, and also into their our homes, where medical and nursing attention can be given sufficient to meet the needs of the patient.

I believe that this is highly essential in any hospital-nursing-medical-surgical program, that patients should receive social insurance protection which will be adequate in the overwhelming proportion of cases, but which will be far less costly than if beneficiaries are granted perpetual occupancy of costly hospital beds, which probably 98 percent will not need.

Mr. RIBICOFF. In reply to the Senator from Illinois let me say, first, that I am sorry he and I are on opposite sides of this issue, because in most votes in the Finance Committee and on the floor of the Senate we are together on almost every issue that comes along.

Mr. DOUGLAS. That is true.

Mr. RIBICOFF. Philosophically, I believe, we are rather well attuned. I am sorry that the Senator from Illinois opposes this particular amendment. Let me point out that the bill provides for the expenditure of $6,797 million. We hope, by adoption of this measure, to take care of the basic health costs of persons over 65 years of age.

To me, it seems most unfortunate that having come as far as we have, we have still failed to take that additional step and provide protection against catastrophic illness.

It is true that we are talking about 2 percent of those over 65. That 2 percent happens to represent 380,000 Americans. Any one of those 19 million Americans over 65 could be one of that 380,000.

What do we seek to achieve? A person over 65 is stricken with cancer, heart disease, or needs a serious operation. Under the bill as reported, after 60 days he must pay a coinsurance charge of $10 a day for an additional 60 days or a total sum of $600. The additional 80 days in a nursing home will cost the patient $5 a day. That is $400, or a total of $1,000 cost to the aged patient—14 million of whom pay no income tax, whose means are liquid, who do not even have the means to pay so large an amount. But above that, we have the tragic and high cost involved in a long and serious illness which can strike every older person. This is the great fear that hangs over the minds, hearts, and spirits of all those over the age of 65.

I have listened to the figures quoted by the Senator from Illinois. Let me point out that the figures I have cited were given me by the Department of Health, Education, and Welfare. We have leaned over backwards in rechecking these figures. The first cost estimates was $110 million, arrived at by applying the estimated cost of $250 million which was the cost of the amendment first offered before the Senate Finance Committee.

The Senator from Indiana [Mr. HARTKE] introduced his extension, which would cost $140 million. Therefore, there was a difference of $110 million. Before appearing on the floor on this measure, I called the office of the Secretary of HEW to determine again the actual cost and have them recheck the figure. They said that the figure would come to $18 million, out of general revenues, to pay for the first year's cost of the additional protection provided in the amendment.

If we have a measure which will cost $6,797 million how do we say to the 19 million persons over 65 years of age that if they suffer with the major tragedy of a long-term illness, while we are willing to spend $6,797 million we will not spend another $18 million to help them? How do we explain to our constituents—how do we explain to the folks back home—when Mary Jones is in the hospital seriously ill with cancer, or with heart disease, that after 120 days she must get out of the hospital if she cannot pay the bill?

I believe that we have reached the stage of a bill so extensive and so wide that today we must take this additional step.

It is ironic that the author of the amendment, the Senator from Illinois, defends—the Hartke amendment, has joined as a cosponsor of the Ribicoff amendment for catastrophic illness because he recognizes, too, that his amendment while going a step further—does not take that needed step in order to assure the aged of the proper health care which they need.

The Senator from Illinois talks about persons going to a hospital and staying longer than they ordinarily would. It is ironic, as I listen to his argument, which happens to be the argument of the administration as well, that this is exactly the same argument used against the original King-Anderson bill, when we talked about giving persons 60 days hospital care. Our argument was that we could not do that because people would overutilize the facilities and would go to hospitals and would not leave, and therefore they would be there for 60 days.

In order to protect the hospital facilities, the fund, and the program, there was carefully worked into all those bills a hospital utilization provision under which each hospital would appoint a committee composed of the doctors serving on that hospital staff, plus those from the hospital administration, to examine the patients, and to examine the stays, to make sure that a person does not remain in the hospital longer than necessary.

Therefore, we come down to the final days of the bill, after a decade of argument and decade of debate, to decide now what we are going to do.

The Senator from Illinois asserts that he recognizes the argument to this issue next year or the year after.

I say that the time is now, because we will pass the bill within the next 24 to 48 hours, and we should take this additional step by making provision for a catastrophic illness.

The time has come when we should take this step. I would hope that the other Members of this body would recognize the problem and would go along with the additional step to provide protection against catastrophic illness as it strikes our senior citizens.

Mr. PELL. Mr. President, will the Senator from Connecticut yield?

Mr. RIBICOFF. I yield.

Mr. PELL. I rise to ask the Senator from Connecticut if his approach to this matter is not similar to that which is practiced in Australia, where emphasis is placed upon the catastrophic illness as opposed to initial illness.

I have always believed that there is only so much money which can be spent in this direction, and that it should be spent on catastrophic illness. True, they are fewer in number, but they are also far more devastating in their effect upon an individual family than an initial illness.

If there is any question of paring down the benefits, then benefits should be pared down in the earlier periods and not in latter periods. If, as the Senator from Connecticut proposes, we can do both, so much the better. It is for that reason that I am pleased, indeed, to support the Senator's amendment and would hope that if there is any compromise to be made, we shall not compromise on the catastrophic illness portion but rather on the earlier portion.

Mr. RIBICOFF. I thank the Senator for his contribution. This proposal is a little different than the Australian situation, because my understanding is that in Australia the great burdens come on an individual in the early stages of an illness. The bill takes care of the early stages, but fails to go along on the catastrophic basis. It is my contention that if we are to take care of this problem we should not overlook the most serious part, when a catastrophe strikes.

Even considering the cost of $180 million, basically we have added to the bill $700 million to $800 million more than is contained in the House bill. Even in conference we could anticipate that the Senate would have to recede in certain instances on some of its expenditures over and above the expenditures in the House bill. If the conferees should have to recede to the extent of $180 million, we would still have funds to take care of this additional coverage.

However, not relying on that situation, I have always felt that we in the Senate have a responsibility, and that responsibility is that if we propose an expenditure we should be candid with ourselves and indicate where we are to get the money.

We make it clear that these people will not get something for nothing, because whatever the expense, we shall have to pay for it, and it will be $180 million.

The point I make is that since we are spending $6,797 million in connection with the pending bill, $180 million is a very small sum in comparison with the overall expenditures involved, especially when we consider what we are giving to the people of this country.

I thank the distinguished Senator from Rhode Island for joining me as a cosponsor of the amendment. I have so listed him on the amendment which has been submitted.

Mr. PELL. Mr. President, I should like to ask one other question of the Senator. Not being a member of the Committee on Finance, I do not know the thought processes that went into the development of the bill in committee. Why was not the catastrophic illness considered as the prime problem with which to deal, and then work out the other problems? Why was not the first effort devoted to that problem, rather than putting it at the end? If there is only so much money to be spent, why was it not thought best that the initial 4 or 5 days be paid for by the individual, but on a catastrophic illness the first day should be covered, and then move forward?

Mr. RIBICOFF. The basic reason, I believe, is that the program basically is patterned on the program that has been advocated for a long period of time. The feeling is that the average person goes into the hospital for a comparatively short stay, such as 5 or 6 days, and that therefore we do not wish to burden him with taking care of his basic illness, because a person could not pay for the initial stages. It was asked at that time, how much he could be asked to spend. Of course, over the years, the King-Anderson bill did not contain part B of the pending bill, which is the supplementary part, which has to do with the payment of physician's services.

It is interesting to note that most of the opponents of medicare have always talked about catastrophies, and not about taking care of the initial stages. It is ironic, now that we are ready to pass a bill with an amendment before us covering catastrophic illness, that the people who complained because we were not taking care of catastrophic illnesses are now saying we are taking care of too much.

If we are to do the job at all, we should do it right.

I understand that on many measures we take one step at a time. We have been dealing with this measure for many years. I have been involved with this program since 1961. Various provisions have been debated prior to 1961, for approximately 5 or 10 years before that. After long debate, after bitter arguments have been waged for or against on this subject, there is no question in my mind that there is a consensus concerning the bill.

If I may paraphrase the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], who time and time again on the floor of the Senate has said that there is nothing to stop an idea whose time has come, my contention is that the time has come for medicare. This could be seen in what happened to the bill in the other body. It will be seen by the overwhelming vote by which this measure will pass in the Senate within the next few days. If the idea has now come, let us make it a good idea; if the idea has come, let us make a full idea; if the idea has come, let us not do a patchwork job, if we can do a really good job. I say the time to do that job is now.

That is why I propose this amendment. I have thought about the problem for many years. There are many parts of the program that one does not advocate or advance because one is not in a position to do so. However, I have always felt in my heart and mind that it would be tragic not to provide protection against catastrophes. When we add up the entire cost of the bill, and realize that we can take care of the catastrophic illness and give assurances against that great sword of Damocles hanging over the head of our people, and can do it for $180 million, we would make a great mistake if we failed to do so.

I hope that when the amendment is called up, we shall be able to convince a majority of our colleagues in the Senate that this is the course we should follow.

Mr. PELL. Mr. President, I congratulate the Senator from Connecticut. In my opinion, the first and most important step is the catastrophic step, and that the other steps follow thereafter. I hope this idea will also appeal to Senators.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KUCHEL. Mr. President, I send an amendment to the desk and ask that it be read. After it is read I intend to suggest the absence of a quorum, so that the distinguished majority whip, the Senator from Louisiana [Mr. LONG] may be present when it is taken up.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 285, line 15, insert before the period the following: "; except that, for purposes of this subsection, in applying subparagraph (C) of paragraph (1) of such section 105(b) the date of enactment of this Act shall be considered to be the date on which the organization filed its certificate under section 3121(k)(1) and any reference, in paragraph (4) of such section, to such paragraph (1) shall be considered a reference to the preceding provisions of this subsection."

Mr. KUCHEL. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum and that at the conclusion of the quorum call I may be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BASS in the chair). Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, the plain English of the amendment I offer, and the reason for it, occur in a paragraph or two of a letter which Vallejo General Hospital has written to one of my colleagues in the House of Representatives, Hon. ROBERT L. LEGGETT, under date of November 1, 1963. I ask unanimous consent that the entire letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VALLEJO GENERAL HOSPITAL,
*Vallejo, Calif., November 1, 1963.*

Hon. ROBERT L. LEGGETT,
*House of Representatives,*
*Washington, D.C.*

DEAR BOB: Hello from Vallejo.

I hate to add to the many problems which I know you are burdened with, but we have a problem here at the Vallejo General Hospital which concerns a rather large portion of our employees and, I might add, voters of Vallejo.

I am sending you all the information I think would be of interest to you concerning this problem and don't want to repeat myself in this communication, so will try to be as brief as possible in outlining this problem.

This matter pertains to social security coverage for employees working for a nonprofit corporation. It would seem that in 1952, prior to my coming here, when the hospital went nonprofit a certain requirement was not met, wherein the employees should have signed a certain form indicating they wished to be covered under social security. However, all through the years the employees had social security withheld from their wages and the hospital contributed its share of the tax, the money was paid to the Internal Revenue Department, until 1958, when it was called to our attention (6 years after we became nonprofit) that our employees were not eligible to be covered under social security unless they elected to do so.

Under the guidance of a representative of the Internal Revenue Department we completed all of the forms he requested us to and met all of the requirements he laid down, and were guided by the fact that we only had to have a certain percentage of our employees sign up in order to have all employees

covered. Our big problem at the time in getting 100 percent signatures was that some people had left us and had gone to other parts of the country, some people were away on sick leave, some on vacation, and we had a limited period of time in which to get the report back to the Internal Revenue Department.

We completed all of these forms and thought that we were in good standing and everything was settled, but to our dismay, a number of years later, in the early part of 1962, it was brought to our attention that a large number of our employees would not be covered because they had not signed the forms in 1958. Actually, one former employee who was on social security was dropped because this was brought to light, two other employees who were about to go on social security and were inquiring as to their status, were advised that they had none because the money was not credited to their account, although the money had been paid to the Internal Revenue Department in San Francisco. In addition to this, we then discovered that some 17 employees who were still working for us were not covered. We proceeded to work through the local social security office on this matter with a Mr. Macler and have spent approximately 2 years in having hearings and doing what we could to convince the social security department that we had complied with all of the requirements imposed upon us by the Internal Revenue Service. However, one employee was used as a test case and the hearing examiner, Mr. Pope, found against that employee.

Subsequently, some eight employees have banded together as a group, hoping to obtain a more favorable hearing by virtue of appearing as a group. Mr. Pope has heard these people, but has not as yet rendered a decision. His statement to me, however, was that he did not see any way in which he could find favorably for these people because the law was pretty specific on this matter.

I have written to the American Hospital Association, the California Hospital Association, the Department of Social Security, the Department of Internal Revenue—all to no avail.

I did receive from the American Hospital Association's representative in Washington, a Mr. Bernstein, a telephone call advising me that this type of thing has happened to numbers of people throughout the United States over the years and that it is not too difficult to have an adjustment made in the social security regulations and have these people covered—or perhaps I'm wrong in saying social security, it perhaps is an amendment to the Internal Revenue Act—I'm not sure. I do know that reference was made to the social security amendments of 1960; however, they were not actually a part of the permanent record, but appeared as a footnote because it pertained to the fact that there was a certain date established under which these people would be covered or not covered. As I understand it, it merely is a matter of changing this date under which these people are covered, since all money has been properly paid; these people do want to be covered, they do want to retain the benefits they have earned by virtue of paying over all these years.

I am submitting to you the correspondence I had with Mr. Pope, plus the original correspondence I had with the Internal Revenue Service and a copy of the Hearing on the one test case of Ruth Donato.

Anything you can do to help these people of Vallejo to be covered under social security will be greatly appreciated, not only by myself and the hospital, but by the employees, who are quite anxious to have this coverage.

My best regards to you and Barbara.

Sincerely,

LOUIS P. FUNK,
*Administrator.*

Mr. KUCHEL. Mr. President, I quote from the letter, for the information of those who may care to read:

This matter pertains to social security coverage for employees working for a nonprofit corporation. It would seem that in 1952, prior to my coming here, when the hospital went nonprofit, a certain requirement was not met, wherein the employees should have signed a certain form indicating they wished to be covered under social security. However, all through the years the employees had social security withheld from their wages and the hospital contributed its share of the tax, the money was paid to the Internal Revenue Department, until 1958, when it was called to our attention (6 years after we became nonprofit) that our employees were not eligible to be covered under social security unless they elected to do so.

In the light of that problem, which I may say is not unique to one hospital of the State from which I come, the Department of Health, Education, and Welfare prepared an amendment for Representative Leggett, dated July 1, 1965. In its covering letter, the Department said:

Enclosed, in accordance with our conversation in your office on June 30, are several copies of a draft of a technical—

I stress the word "technical"—

amendment to the provision of H.R. 6675, which the Senate Finance Committee added to the bill in order to take care of situations such as that involved in the case of the Vallejo Hospital. This technical amendment is necessary to remedy a defect in that provision which, in turn, resulted from oversight.

I stress the word "oversight."

With this change the provision in H.R. 6675 will more effectively carry out its intended purpose.

Also enclosed is a brief explanation of the provision in H.R. 6675 and of the enclosed amendment.

Thus I am in a position to say to the able and distinguished Senator from Louisiana, the Senator in charge of the bill, that the amendment was prepared by the Department of Health, Education, and Welfare, is approved by the Department, and constitutes a change, technical in nature, to remedy the situation by providing that after a waiver has been filed on the part of a nonprofit corporation, and the appropriate consents have been filed by the employees, their social security may include benefits previously paid for by them, benefits which would not be included under the wording of the bill as it was reported by the committee.

Mr. President, I ask unanimous consent that the statement by the Department of Health, Education, and Welfare be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Under section 316 of the Senate bill (as under present law), a nonprofit organization must file a certificate waiving its exemption from social security taxes in order for its employees to obtain coverage under social security. For the certificate to be effective in respect to any employee, he must concur in writing.

Section 316(d) of the Senate bill is intended to apply to a situation where a nonprofit organization filed the waiver certificate, and thereafter reported some employees as covered who had inadvertently failed to signify their concurrence in writing. Most of the noncovered period resulting from this failure by these employees was taken care of under a special provision enacted in 1960 by the Congress, and this provision of the bill was intended to take care of a small hiatus in reported wages which still exists for some of these employees and with respect to which the necessary taxes have been paid. However, the language of section 316(d) is not technically adequate to accomplish this purpose.

Section 316(d), as presently written, requires certain stated conditions to be met for the validation to be effective. These conditions were written to be applicable to situations where employees lack coverage only for a period before a waiver certificate is filed, and they are therefore not applicable to the type of situation section 316(d) is meant to take care of. The proposed amendment would add language to section 316(d) which would assure that these conditions are applicable to situations where employees require coverage for a period after a waiver certificate is filed—which is the purpose of section 316(d).

Mr. LONG of Louisiana. Mr. President, the amendment has merit. I know of no reason why it should not be agreed to, so I do not resist it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. KUCHEL].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. LONG of Louisiana. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KUCHEL. I thank the able Senator from Louisiana. His cooperation is in accord with his constant dedication to the principle of obtaining a bill which is completely meritorious.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the Secretary of the Senate, in the engrossment of various reported amendments to H.R. 6675, be authorized to make printing corrections in the amendments so that they read to strike out certain language and insert new matter instead of inserting matter at various places and then striking out certain relative language in each instance.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

On page 324, line 1, strike out "1965" and insert "1966".

On page 324, line 16, strike out "1965" and insert "1966".

On page 349 between lines 12 and 13, insert the following new section:

"SEC. 342. (a) Clause (B) of section 1402 (e)(2) of the Internal Revenue Code of 1954 (relating to time for filing waiver certificate by ministers, members of religious orders, and Christian Science practitioners)

is amended by striking out 'his second taxable year ending after 1962' and inserting in lieu thereof 'his second taxable year ending after 1963'."

(b) Section 1402(e)(2) of such Code (relating to effective date of certificate) is amended by adding at the end thereof the following new subparagraph:

"(D) Notwithstanding the first sentence of subparagraph (A), if an individual files a certificate after the date of the enactment of this subparagraph and on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1963, such certificate shall be effective for his first taxable year ending after 1962 and all succeeding years".

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to certificates filed pursuant to section 1402(e) of the Internal Revenue Code of 1954 after the date of the enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments.

Mr. LONG of Louisiana. Mr. President, as Senators know, ministers can have social security coverage only if they elect to participate within 2 years of ordination. Public Law 88–650, enacted October 13, 1964, opened up the period of the election for existing ministers who had not previously elected to participate, if they did so before April 16, 1965.

Although it would be, in general, undesirable to reopen this election period because of antiselection against the system by ministers waiting to join until they are older, there are certain special circumstances that argue for a reopening at this time.

First, the period permitted by Public Law 88–650 was short, approximately 6 months.

Second, and much more important, many younger ministers did not choose to participate when only retirement and survivor benefits were available, but now, when health insurance would be provided, they would be forever barred from coming in under present law.

My amendment would provide for an extension of the period of election to April 15, 1966, by the addition of a new section 342 to the bill. The only other change that would be needed would be the striking out of "April 15, 1965" wherever it appears in section 331, and the insertion, in lieu thereof, of "April 15, 1966."

The necessary amendments could possibly be adopted as a committee amendment during the floor debate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Louisiana.

Mr. COOPER. Mr. President, has this amendment been cleared on both sides?

Mr. LONG of Louisiana. I do not believe so. However, I do not believe that there would be any objection. I would be glad to withdraw the amendment if the Senator thought there would be any objection.

This amendment would provide a little more time for the ministers who elect to participate. I shall not move to reconsider.

Mr. COOPER. I am in favor of the amendment. The election period was reopened several years ago. I offered the amendment to reopen the period. I am sure that there would be no objection to the amendment.

Mr. LONG of Louisiana. The amendment would merely extend for a longer time the period of election for ministers. I do not believe that there would be any objection.

I shall not move to reconsider if the amendment is agreed to, so that a motion to reconsider may be made later.

Mr. COOPER. I am in favor of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Louisiana.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I send to the desk an amendment, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Montana will be stated.

The legislative clerk read the amendment, as follows:

On page 116, following line 7, insert the following:

"The term 'medical care' does not include amounts paid for facilities, devices, and services customarily used primarily for purposes other than those specified in subparagraph (A)."

On page 117, strike out lines 12 through 22 and insert in lieu thereof:

"(d) Section 213 of such Code (relating to medical, dental, etc., expenses) is further amended—

"(1) by striking out subsection (c) of such section, and

"(2) by striking out paragraphs (1), (2), and (4) of subsection (g) of such section."

Mr. MANSFIELD. Mr. President, it is my understanding that my distinguished colleague, the Representative from the Second District of Montana, Mr. BATTIN, proposed to offer this amendment when the present legislation was before the House, but, unfortunately, the answers which he required did not arrive in time. It was his intention because certain serious cases had been brought to his attention by some of our constituents in Montana. We of the Montana delegation share his concern and feel this amendment should be adopted.

Therefore, I am offering this amendment now.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana [Mr. MANSFIELD].

Mr. LONG of Louisiana. Mr. President, as I understand the amendment, the purpose of it is to allow taxpayers to deduct the cost of hiring nurses and doctors for some of the cases in which very high medical expenses are involved.

The general argument for the amendment is that, if the Federal Government is to pay the expense for medical services for American citizens, many of whom have made no contribution for it, it is only fair that those who must have nurses around the clock and very high medical expenses, far beyond that which is provided by the bill, should be permitted to deduct the expense of this very high medical cost.

The Senator from Louisiana was a sponsor of a piece of legislation, some years ago, providing that a person of 65 or over who had very high medical expenses could deduct those expenses against his income for tax purposes. The Finance Committee had approved that principle on a number of occasions when it had been very closely limited.

I understand that the cost of this amendment would not be very great. It would seem only fair to this Senator that if a citizen pays a large amount of medical expenses, it should be a deductible item.

So I would have no objection to the amendment. I would hope the distinguished ranking Republican member of the committee would take a good look at it and see if there is any objection to it on his side of the aisle. In the meantime, I state that I am willing to take it to conference.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President——

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. HART. Mr. President, today, we are considering one of the broadest and most complex collections of social security amendments ever brought before this body. We must pass judgment on a new plan of basic hospital insurance benefits under social security, a new voluntary supplemental plan of medical insurance for the aged, major changes in the social security benefit structure, new Federal guidelines on and participation in Kerr-Mills programs and a general streamlining and strengthening of a myriad of programs in the areas of child health, public assistance, and mental retardation. Each of these topics merits extensive study and debate. However, the one clear and overriding issue before us today is undoubtedly those portions of the bill known collectively as medicare.

I doubt whether any of us here will ever have the opportunity to vote on a more important piece of domestic legislation. The program we are going to pass in this body will be a declaration of economic independence for millions of Americans. This hospital and medical insurance plan will, I am fully confident, put an end to the folly and the waste that has characterized this Na-

tion's treatment of its senior citizens throughout the 20th century.

There is, in my view, nothing more hypocritical than to encourage citizens to work to earn homes, to raise and educate children, to pay taxes, to spend their lives contributing to an economy and a way of life unequaled anywhere in the world and then, when they are too old to contribute further, subject them to the humiliation and planned poverty of means-test medicine. I am hopeful that the proposed legislation will put an end to that hypocrisy for millions of Americans.

By so doing, we will be fulfilling a prophecy made nearly three decades ago by Franklin Delano Roosevelt. He said:

> We have accepted * * * a second Bill of Rights under which a new * * * security and prosperity can be established for all—regardless of station, race, or creed. Among these are—the right to adequate medical care and the opportunity to achieve and enjoy good health; the right to adequate protection from the economic fears of old age.

The fulfillment of that prophecy is not solely the work of this body or of Congress, but the victory in a battle that has ranged across all those years and involved some of the finest men ever to enter this country's service.

I am particularly proud of the proposed legislation, not so much for myself but for the many fine men and women from my home State of Michigan who have contributed so mightily in shaping its form and its victory.

My senior Senator and wonderful friend, PAT MCNAMARA, has been the outstanding spokesman for the aged, and has given immeasurable help to the formulation and success of this plan. Its enactment will be one more dramatic achievement to the credit of PAT MCNAMARA. My longtime friend and adviser, Wilbur Cohen, has worked diligently as the principal architect of this legislation and has been invaluable to Members of both the House and Senate in hammering out a workable, financially responsible program.

In addition, such people as Dean Fedele Fauri, of the University of Michigan's School of Social Work, Dr. Wilma Donahue, of the university's institute for human adjustment, and Mr. Charles O'Dell, the able director of the retired workers division of the UAW, have worked long and diligently for the interests and the dignity of our senior citizens so well promoted by the proposed legislation.

I am sure that all of these good people share my joy in seeing the fine product of the Finance Committee's deliberations.

Last year, most of us supported a program of hospital insurance for the aged through social security as a major step toward first-class citizenship for the aged. I, for one, could not be more pleased that we now have the opportunity to support a voluntary medical insurance program also.

In addition to the new economic independence it will create, I am hopeful that the bill will promote first-class citizenship in another fashion also. We decided last year, and wrote into law, that Federal tax funds collected from all the people may not be used to provide benefits to institutions or agencies which discriminate on the grounds of race, color, or national origin. This principle will, of course, apply to hospital and extended care and home health services provided under the social security system, and will require institutions and agencies furnishing these services to abide by title 6 of the Civil Rights Act of 1964.

Although the hospital and medical insurance programs are major strides forward in this proposed legislation, there is another facet of health protection which is far more important to many; namely, the incentive for improvement in State Kerr-Mills plans. We must reluctantly realize that there are still among us those unfortunate few who experience poverty and illness beyond the scope of any economically feasible social insurance program. This bill not only provides incentive for better health care for the independent aged, but also offers strong guidelines for a new streamlined approach to comprehensive health services for those on welfare programs serving the blind, disabled, and dependent children.

It requires an offering of more comprehensive care to receive greater Federal support, and prohibits many of the sad practices such as relative responsibility tests which have plagued Kerr-Mills programs in the past.

Mr. President, many of us remember the fears that were expressed when the social security system was first proposed and debated 28 year ago—that it would regiment Americans, be administratively unworkable, financially unsound, cripple and impede private life insurance and pension programs. We know today how unfounded those fears were. The medical profession has expressed great fear for the health of the people, the quality of medical service and the future of the medical profession if this program is established. I remind the Senate that 30 or so years ago tremors of apprehension ran through the medical profession when voluntary health insurance plans were being started. Then, also, cries of "socialized medicine" were heard from many physicians.

In starting anything new we must study the problem and situation carefully, and consider equally as carefully the views of those who believe the proposed step is unwise—there are always those who believe that anything new or different is unwise—and if we are sure that we are on the right track, go ahead. I believe that the proposed program will be a godsend for the aged—and, in due course, all of us will be aged—I believe that it will be a boon for the country, for the hospitals, and—though they cannot imagine it now—for the medical profession.

Mr. PASTORE. Mr. President, I compliment the distinguished Senator from Michigan for an excellent statement. I am proud to associate myself with everything he has said.

Mr. HART. Mr. President, I am very grateful for the remarks by a man who has given national leadership to it for many years more than I have.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALLOTT. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLOTT. Mr. President, I also ask unanimous consent that I may speak on an extraneous subject for 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Montana [Mr. MANSFIELD].

Mr. SMATHERS. Mr. President, I ask unanimous consent that the pending amendment, which, as I understand it, has been offered by the majority leader, be temporarily laid aside and that the junior Senator from Rhode Island [Mr. PELL] be recognized to offer an amendment.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Is there objection to the unanimous-consent request? The Chair hears none; and it is so ordered.

AMENDMENT NO. 283

Mr. PELL. Mr. President——

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). The Senator from Rhode Island is recognized.

Mr. PELL. I call up my amendment No. 283 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk read as follows:

COST-OF-LIVING INCREASE IN BENEFITS

SEC. 328. Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Cost-of-Living Increase in Benefits

"(w)(1)(A) for purposes of this subsection—

"(i) the term 'price index' means the annual average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

"(ii) the term 'base period' means the calendar year 1964.

"(B) For purposes of determining under this subsection the per centum of increase (if any) of the price index for any year over the price index for the base period, the price index for the base period shall be regarded as 100 per centum.

"(2) As soon after January 1, 1966, and as soon after January 1 of each succeeding year as there becomes available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary shall determine the per centum of increase (if any) in the price index for the calendar year ending with the close of the preceding December over the price index for the base period. For each full 3 per centum of increase occurring in the price index for the latest calendar year with respect to which a determination is made in accordance with this paragraph over the price index for the base period, there shall be made, in accordance with the succeeding provisions of this subsection, an incerase of 3 per centum in insurance benefits payable under this title.

"(3) Increases in insurance benefits provided under this subsection shall be effective, in the case of monthly benefits, for benefits payable with respect to months in the one-year period commencing with April of the year in which the most recent determination pursuant to paragraph (2) is made and ending with the close of the following March, and, in the case of lump-sum death benefits, with respect to deaths occurring during such one-year period.

"(4) In determining the amount of any individual's monthly insurance benefit for purposes of applying the provisions of section 203(a) (relating to reductions of benefits when necessary to prevent certain maximum benefits from being exceeded), amounts payable by reason of this subsection shall not be regarded as part of the monthly benefit of such individual.

"(5) Any increase to be made in the monthly benefit or lump-sum death payment payable to or with respect to any individual shall be applied after all other provisions of this title relating to the amount of such benefit or payment have been applied. If the amount of any increase payable by reason of the provisions of this subsection is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.

"(6) Whenever the Secretary determines that the application of the foregoing provisions of this subsection will result in an actuarial deficit to the trust funds established by section 201 of this Act, he shall report the matter to the Congress together with such recommended changes in social security tax schedules or such changes in the wage base, or both, as may be necessary to offset such deficit."

Mr. PELL. Mr. President, my amendment, which I submitted on June 17, is intended to link the social security system directly to the cost of living, which is compiled monthly by the Bureau of Labor Statistics. This is a very uncomplicated amendment—if the Bureau determines that the cost of living has gone up 3 percent, then social security benefits will be adjusted upward by the same percentage.

Although my bill does provide that if the cost-of-living increases result in an actuarial deficiency in the trust funds, the Secretary of Health, Education, and Welfare shall report this to Congress with recommended additional financing, this provision should not be necessary.

It has been pointed out many times that social security cash benefits are conservatively financed. One reason for this is the actuarial assumption of a constant earnings level projected into the future, even though our past economic history has shown a rising earnings level. This is all explained on page 129 of the committee report which is before the Senate.

If earnings do rise, as can be confidently expected, a "savings" will result in the system because of the weighted benefit formula. This "savings" should be more than enough to finance the cost-of-living increases my amendment provides. The proposal I am making, is then, self-financing. As wages and prices rise—wages usually at a faster rate—the savings from advancing earnings level will finance the cost-of-living increases.

I recognize, Mr. President, that the Senate Finance Committee did not have the opportunity to consider my amendment when it conducted hearings and markup sessions on H.R. 6675. I am gratified that the committee did act favorably on a proposal that I and other Senators supported—to raise the income limitation placed on beneficiaries from $1,200 per year to $1,800 per year.

I now return to the cost-of-living amendment, and would ask the Senator from Florida if he would consider the amendment, whether it would be appropriate to have a vote on it at this time, or how he would feel concerning it.

I should like to mention that there have been staff-level discussions on the amendment with the Senator from Louisiana.

Mr. SMATHERS. Let me say to the able Senator from Rhode Island that I believe he has in many respects a worthwhile amendment, in that it is the kind of problem which he seeks to answer and which we will have to wrestle with, obviously, in the future.

As I understand the Senator's amendment, what he is talking about has nothing whatever to do with medicare.

Mr. PELL. The Senator is correct.

Mr. SMATHERS. It refers to social security payments. The argument is that as the cost of living goes up, or goes down, social security benefits will be increased if the cost of living goes up at a certain fixed rate, and if it goes down, social security benefits would also go down, if we run into a deflationary period.

Mr. PELL. If I may correct the Senator, there is no provision for the cost of living going down, because never in our history, thus far, have we gone into any deflationary period. It provides for going up, and would also pay for it going up, in that the Secretary of Health, Education, and Welfare would determine how much additional funds were necessary, if there were an actuarial deficiency. If by chance there should be a deflationary period, the Secretary of Health, Education, and Welfare would then have the authority to report to Congress any changes needed in the tax rate or the taxable wage base.

Mr. SMATHERS. Has the Senator from Rhode Island received the assurances of the Senator from Louisiana?

Mr. PELL. No; no assurances from the Senator from Louisiana. This was done at the staff level.

Mr. SMATHERS. It would be my hope if he got assurances from us, that this matter would be looked into. It will have to be looked into in the future. If the Senator should insist upon voting either up or down on his amendment at this particular time, I have the feeling that probably, at the moment, we could defeat his amendment——

Mr. PELL. I would not disagree with the Senator on that.

Mr. SMATHERS. Which I believe would be doing an injustice to what is a very good thought.

Rather than have that occur and made a matter of record, it seems to me that on the basis of this colloquy, and the assurances that we could get from the Senator from Louisiana, this matter would be looked into. We need to get the technicians on it so that we can always keep the beneficiaries of social security enjoying a level of income which it is the intention of Congress that they should always have.

Technically, how we do it will have to be given a great deal of thought and study. With the assurance that that would be done, I hope the Senator from Rhode Island would not insist on a vote on his amendment and that he withdraw it temporarily.

Mr. LONG of Louisiana. Mr. President, will the Senator from Rhode Island yield?

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Does the Senator from Rhode Island yield to the Senator from Louisiana?

Mr. PELL. I am glad to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, this amendment presents some problems, of which I am sure the Senator is aware, one being that if we add cost of living automatic increases to the bill, it will be argued that we should do the same thing to the Federal pay raise bill, and then it would be argued that the same principle should be extended into other fields.

It is necessary that there be as many restraining elements as possible placed upon an inflationary spiral. Naturally, we must increase social security benefits when the cost of living goes up, but if we rush to increase them automatically, the result could be that it would be adding to an inflationary spiral and rushing the whole trend.

However, the Senator from Rhode Island has a meritorious amendment. Part of the reason why we have this 7-percent increase is that there has been an increase in the cost of living.

As the Senator knows, I have not had an opportunity to study the amendment in committee. I would welcome an opportunity to study it and see if we could not work out something; but I do not believe we could do so on the floor of the Senate and do the subject justice.

Mr. PELL. I understand that. Let me make the point that I realize it would be intellectually dishonest to call for an increased benefit without providing for the funds with which to pay for it. That is why, in my amendment, I have specified that whenever the Secretary of Health, Education, and Welfare determines that the applications of the amendment would result in an actuarial deficit in the trust fund, he shall report to Congress and recommend needed changes in the tax rate or wage base. It might be the wisdom of the Finance Committee that it should be tightened up further to provide for an actual schedule of changes, or an increase in the base upon which social security taxes would be paid. It would seem to me to make sense that the base should be increased rather than the rate increased, because in an inflationary period it would mean that more people would be paying on a wage base of $6,600.

I would hope that there might be some sort of thought that we might even have hearings held in the Finance Committee on the subject.

Mr. LONG of Louisiana. I would be happy to hear witnesses on the subject at the next opportunity to consider a social security bill. On that basis, I hope that the Senator would not insist on his amendment at this time.

Mr. PELL. Mr. President, with that understanding, I am glad to withdraw my amendment, and I hope that adequate hearings will be held.

The PRESIDING OFFICER. The amendment of the Senator from Rhode Island is withdrawn.

Mr. LONG of Louisiana. I thank the Senator.

Mr. MANSFIELD. Mr. President, I send to the desk a revised amendment for the amendment which I originally offered, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Montana proposes a revised amendment. On page 137, strike out lines 22, 23 and 24 and on page 138 strike out lines 1 through 8 and insert in lieu thereof:

(b) Section 213 of such Code (relating to medical, dental, etc., expenses) is further amended—

(1) by striking out subsection (c) of such section, and

(2) by striking out paragraphs (1), (2), and (4) of subsection (g) of such section.

Mr. MANSFIELD. Mr. President, after discussing the original proposal with the distinguished Senator from Louisiana [Mr. LONG] and the distinguished ranking minority members of the Committee on Finance, the Senator from Delaware [Mr. WILLIAMS], I find that it is advisable, in view of the law as it now exists and the position taken by the House Ways and Means Committee and by the Senate Finance Committee, that the revised amendment be presented as is, because it is more in accord with the thinking of the two committees concerned and more in accord, in reality, with the objectives desired by those who are plagued with terminal and other kinds of illness.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. WILLIAMS of Delaware. I thank the Senator from Montana for modifying his amendment. As one member of the committee, I have no objection to the amendment as modified. I believe it achieves a worthy purpose.

Mr. SMATHERS. Mr. President, I congratulate the able majority leader for presenting his amendment. It is a very desirable and useful amendment. I am certain that if a Senator had thought of it and presented it to the committee, the committee would have almost unanimously been in favor of it. I hope the Senator from Louisiana will be willing to accept the amendment.

Mr. LONG of Louisiana. I have discussed this matter with the Senator from Montana, and it has been discussed also with the Senator from Delaware, who probably understands tax law as well as anyone. The staff has studied it. We believe it is a good amendment. The Treasury Department believes it is a good amendment. I hope the Senate will agree to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Montana.

The amendment, as modified, was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, the Senate has already approved the Mansfield amendment. I ask unanimous consent that an analysis of the amendment be printed following the vote on the amendment.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

MANSFIELD AMENDMENT TO H.R. 6675

The Mansfield amendment deals only with the maximum limitation on deduction of medical expenses (income tax deduction).

Existing law places maximum limitations upon the total amount of the medical expense deduction which a taxpayer can be allowed in any 1 year. Generally, the ceiling is fixed by multiplying $5,000 by the number of the taxpayer's exemptions (other than those for blindness or age), subject to upper limits of $10,000 (for a single taxpayer), and $20,000 (for one who is married). Where the taxpayer or his spouse or both have attained 65 and are disbaled, however, upper limits of $20,000 and $40,000 become applicable under a special set of rules.

The House bill removed all reference to attainment of the age 65 in the rules governing the $20,000 and $40,000 limitations so that these rules would apply to all disabled taxpayers and spouses without regard to their ages. The House bill retained the regular $10,000–$20,000 maximum limitations for the nondisabled.

The Finance Committee approved the higher limits of the House bill for the disabled under age 65.

The Mansfield amendment, as modified, eliminates all maximum limitations on the medical expense deduction. Thus taxpayers under age 65 will be allowed to deduct all their medical expenses which are in excess of 3 percent of their adjusted gross income. Those age 65 or over will be able to deduct all their medical expenses. The 3 percent floor under existing law does not apply to taxpayers aged 65 or over and the Mansfield amendment does not change this.

Mr. RIBICOFF. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that the text of the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, lines 15 and 16, strike out "for up to 120 days during any spell of illness".

On page 17, lines 17, 18, and 19, strike out "for up to 100 days during any spell of illness".

On page 17, lines 20 and 21, strike out "for up to 175 visits".

On page 18, strike out lines 2 through 16, and insert in lieu thereof the following:

"(b) Payment under this part for inpatient psychiatric hospital services furnished to an individual shall not be made after such services have been furnished to him for a total of 210 days during his lifetime."

On page 19, strike out lines 8 through 15.

On page 19, line 16, strike out "(d)" and insert "(c)".

On page 19, line 21, strike out "for the first 175 visits".

Beginning with the word "The" on page 19, line 23, strike out all through line 2, on page 20.

On page 20, line 3, strike out "(e)" and insert "(d)".

On page 20, beginning with the word "subsections" on line 3, strike out all through line 5, and insert in lieu thereof "subsection (b), inpatient psychiatric hospital services".

On page 20, line 10, strike out "(f)" and insert "(e)".

On page 21, beginning with the word "Such" on line 1, strike out all through line 6.

On page 22, strike out lines 3 through 8.

On page 29, line 21, insert "psychiatric" after "inpatient".

On page 29, line 22, insert "psychiatric" after "any".

On page 36, line 2, insert "(1)" after "(a)".

On page 36, line 13, strike out "(1)" and insert "(A)".

On page 36, line 24, strike out "(2)" and insert "(B)".

On page 37, between lines 19 and 20, insert the following:

"(2) In addition to the amounts that are appropriated (under the provisions of paragraph (1)) to the Trust Fund, there are authorized to be appropriated to the Trust Fund from time to time such sums as the Secretary deems necessary for any fiscal year in order to place such Trust Fund in the same position at the end of such fiscal year in which it would have been if payment under part A for services furnished an individual during a spell of illness could not be made for—

"(A) inpatient hospital services (including inpatient psychiatric hospital services and inpatient tuberculosis hospital services) furnished to him during such spell after such services had been furnished to him for one hundred and twenty days during such spell, plus the amount of one-fourth of the inpatient hospital deductible for each day of such services furnished after the sixtieth day and before the one hundred and twenty-first day per person;

"(B) post-hospital extended care services furnished to him during such spell after such services had been furnished to him for one hundred days during such spell plus the amount of one-eighth of the inpatient hospital deductible for each day of such services furnished after the twentieth day and before the one hundred and first day per person; and

"(C) post-hospital home health services furnished to him during any one-year period described in section 1861(n) and after the beginning of one spell of illness and before the beginning of the next after he had received one hundred and seventy-five visits during such period."

On page 111, lines 21 and 22, strike out "(a)(1), (a)(2), or (a)(4)" and insert in lieu thereof "(a)(1) or (a)(2)".

Mr. RIBICOFF. Mr. President, the bill before us is an outstanding bill, but lacks one feature to make it a great bill. It fails to take into account one of the great problems facing our older citizens, and that is, What happens to people over 65 who are faced with a catastrophic illness?

The bill as it came to us from the other body provided for hospital benefits up to 60 days, and benefits for nursing home care following that hospital stay for 20 days, plus 100 home health visits.

During the discussions in the Committee on Finance an amendment was added, under the auspices of the Senator from Indiana [Mr. HARTKE], which would extend these benefits for an additional 60 days in the hospital, with the patient paying $10 a day, and 80 additional days in a nursing home at an additional payment by the patient of $5 a day.

This would mean that a person who had a serious illness, after the first 60 days, would be charged with a potential liability of $1,000.

The cost of the Hartke amendment would be $140 million added to the House bill.

The proposal that I am making for hospital and nursing care would add an additional cost over the present bill of $180 million. I have made provision in my amendment for the payment of this additional cost out of the general revenues.

When we consider that the total amount involved in the bill before us is in the sum of $6,797 million, I believe it is shortsighted on our part not to authorize $180 million in addition, to take care of the tragic circumstances when an individual might have to go to a hospital because of a serious illness, such as cancer, or heart disease, or a serious operation.

With the acceptance of this amendment by the Senate we could make it possible to take care of the great fears that overhang our aged.

It is true that it does not cover the overwhelming majority of the people of this country. However, it involves some 2 percent of persons over 65. This means that approximately 380,000 people every year suffer from an illness that goes far beyond that provided for in the bill before us.

It would be a tragedy of the worst kind if we were to leave these 380,000 people over 65 faced with a serious illness without the means of paying the costs of that illness.

Under the circumstances, I have offered my amendment in behalf of myself, the Senator from Indiana [Mr. HARTKE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Rhode Island [Mr. PELL], and the Senator from New York [Mr. KENNEDY]. It is my intention to ask for the yeas and nays.

Mr. LONG of Louisiana. Mr. President, I hope the Senator from Connecticut will not insist at this time on asking for the yeas and nays, because the managers of the bill are discussing the attitudes and positions that they would like to take on the amendment. There is some division of opinion among us.

I hope the Senator will discuss his amendment further. We will not deny the Senator his rights, he can be sure.

Mr. RIBICOFF. Mr. President, when we consider what is involved, I hope that Senators will realize the great mistake we would make if we failed to agree to the amendment. When we analyze the amount that is being spent, we find that $4.813 million comes out of the trust fund.

Out of the General Treasury, this bill provides for expenditures of $1,384 million. Therefore we see that the bill already specifically provides for a substantial expenditure to be paid out of the general revenue.

While $180 million is a large sum, it seems very small when we place it in proportion to the $6,797 million in expenditures called for in H.R. 6675.

Let us consider the individual who is concerned in this respect. It is true that the average person who becomes ill and goes to the hospital might stay there 5 or 10 or 15 days. The bill certainly takes care of the person who stays for such a period of time.

Let us say the person stays more than 60 days. Under the bill, he is required to pay $10 a day for an additional 60 days, or $600. If that person goes to a nursing home for an additional 80 days, he is required to pay $5 a day, or an additional $400; or a total of $1,000.

The figures show that 14 million of these 19 million people pay no income tax. The average person over 65 certainly does not have the means to pay $1,000. Above that, there is the question of humaneness. What do we say to Mary Jones, Any City, U.S.A., who suffers from cancer? She and her husband exhaust their savings in trying to cure her. Under the present bill she goes to the hospital and remains there for 120 days. She must pay $40 when she enters the hospital and another $600 for the remaining 60 days. Then, if there is a question of going to a nursing home, she has another 80 days, for $400, which means $1,040. By this time the average person over 65 has completely exhausted his savings.

The argument which has been used against the proposal is that we would overburden the hospitals of this country. However, in writing the bill, all of us were very careful to make sure that there would be no overutilization. In order to do that we have provided that it is absolutely essential for every hospital, as a condition for being authorized to come under this program, to have a utilization committee appointed from among the doctors on the staff and from the hospital administration. These doctors would examine into every stay of over 10 days. If the stay is over 10 days, the hospital review committee will determine whether the person is overutilizing the facilities.

The ironical part of that argument is that this is exactly the argument that was made by the opponents of the original King-Anderson Act. When the bill was first introduced in 1961, the opponents of even the 60-day proposal said that this was a terrible thing, because the result would be that everyone would go to the hospital.

Everyone over 65, whether he needs attention or not, will not go to a hospital. The same people who opposed the program used the argument of overutilization in the element of catastrophic illness. If the argument was a bad argument then, the argument is a bad argument now.

Mr. President, the amendment is most worthwhile. It takes care of a basic need. It would make it possible for us to write a truly great medical bill that would provide basic health protection for 19 million people over 65 and all the older people who will follow.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. RIBICOFF. I am pleased to yield to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. I could not agree with the Senator more that the argument that the facilities would be overutilized is completely beside the point, because unless the provisions in the bill which would set up committees in every hospital to see that the facilities are not overutilized were strictly adhered to and enforced, then there would not be enough hospital beds in America even to begin to take care of

the patient load that would be imposed by the bill as it now stands.

The only way under heaven that we could have enough hospital beds to look after the people for whom the bill would provide would be to have the committees say that when a person had been in a hospital for 5 or 6 days and the hospitals and doctors had done all they could for him, he would be moved out. They might either move him into his home or into a nursing home. But they would not keep that person in the hospital when the hospital had done all that a hospital is intended to do. Such a person would be taken into a nursing home or into a private home for home care.

Mr. RIBICOFF. The Senator is absolutely correct. Those who use that argument have much less faith in the medical profession than I have. I am convinced that the medical profession will have a key role to play once the bill is passed. I am further convinced that the medical profession will discharge its obligation under the provisions of the bill to the credit of the profession and to the benefit of the people of this country. I am convinced that the utilization committees in the hospital will take their duties seriously.

I am further convinced that the hospitals will not be overburdened, and that there will be most careful scrutiny to be sure that a person who should be in a nursing home will not be in a hospital, and a person who should be in a hospital will not be in a nursing home. There should be that protection. Those who have lived and fought for the type of program which I advocate recognize that it would be a tragedy if we should overlook that means to make a good bill a much better bill.

Mr. LONG of Louisiana. Mr. President, will the Senator yield further?

Mr. RIBICOFF. I yield.

Mr. LONG of Louisiana. Let us look at the kind of case in which a patient has a terminal illness. Let us say that he has cancer and will die. There is no way to save him. The young people of this Nation will be paying for all the medical expense that will be involved. They will not be getting the benefit of that expense directly. They will be paying for it. It seems to me that the least we could provide for them is that if their parents or grandparents had a terminal illness, somebody must look after them until God calls them home. Under those circumstances, it seems to me that the young people are entitled to expect that their parents or grandparents would be cared for in a hospital as long as the hospital might have a chance to do them some good, and when the hospital could not do any more good they might be moved to a nursing home.

There is no point in putting those people into private homes when they need to have constant medical attention and somebody to look after them during a terminal illness that might run for an extended period of time.

If the position of the Senator from Connecticut is rejected, disappointment will spread across the land. People will say, "Yes; only 1 percent of the cases have a long illness that might last beyond the 60 days or beyond the 120 days." But I again point out the disappointment that will go across the land. The people have heard speeches in which it has been said, "We are going to see you through." There has been talk about how the old people are worried about having all their resources consumed with a long and serious illness—perhaps an illness that might take their lives; and if it did not take their lives, at least it would leave them with no resources on which to live. After all the campaign oratory they have heard, I say to Senators that though there may be only a few cases involved, in every major city in America there will be at least one case, and when Senators go out to campaign, they will find their opponents in every crossroads of America talking about cases involving someone with a prolonged illness who was put out of the hospital because of an inadequacy in this bill.

I believe I could defeat any Senator in any area of the Nation by showing that old Grandpa Jones had been thrown out for the vultures to take care of after he had exhausted his resources and the benefits available to him under the bill. After all the fine campaign oratory we have heard to the effect that we shall look after those people, we shall never hear the end of it until we provide for the serious catastrophic cases. My thought is that most people who heard the speeches made in the election campaign this last year and 4 years before that thought that was the first thing that we would take care of.

Mr. RIBICOFF. The Senator is absolutely correct. I have lived with the issue most intimately for 5 years. While the bills have always provided and spelled out the limited care and services that would be given, there is no question in the minds of the people of America and there is lodged in them a sense of security in feeling that their catastrophic illness would be provided for in the bill.

The Senator is absolutely correct. Speaking of percentages, 1 percent is 190,000 people; 2 percent, which is actually the percentage involved, would be 380,000 people. But each of the 19 million people over 65 could be one of the 380,000 people, because when we reach that age, serious diseases do strike. When serious diseases strike, they keep the person stricken in a hospital or a nursing home beyond the 60 days or 120 days specified.

Under those circumstances, let us face up to the problem. We are now writing a major bill. I believe that it is the biggest, most important, and broadest piece of social legislation ever passed by the Congress of the United States. If we are passing that kind of bill, let us pass a bill that really has meaning, without leaving dangling in the minds of the people the problems of a catastrophic illness forcing us to come back to it next year or the year after that.

We, as U.S. Senators, shall be hiding our heads in the sands if we do not face up to the issue now. The Senator from Louisiana appreciates the problem, and I appreciate the problem from the many conferences I have had and the many speeches that I, both as Secretary and as Senator have made across the land. I recognize how the average person in America would feel if his mother, father, or he or she, over 65, were in a hospital for cancer and after 60 days or 120 days he would not be moved out if his own doctor and the hospital utilization committee say to, "You have to stay here to save your life. You have to stay here to be cured, and under no circumstances can we put you out of your hospital bed, because if we do, it means death."

If we are a humane people writing a major piece of legislation, we should certainly give great consideration to that grave problem.

Mr. LONG of Louisiana. Mr. President, what the Senator is advocating would increase the cost of the bill about 3 percent. There are things in the bill which, in my judgment, while meritorious and good, would have a much greater financial impact on the cost of the program than the present proposal.

For example, there is a meritorious provision under which people over the age of 65 would draw their full retirement benefits and earn $1,800. But as between a case involving a person who has a prolonged illness and who sees all of his resources going and who is not able to work, and the case of another person who is drawing retirement benefits, who is healthy, and who is able to work and earn $2,000 or $3,000 in addition to his social security payments. It makes a great deal more sense that if we must economize somewhere, we should economize in favor of benefiting the former.

So as between a person who has, to speak, an income of $3,000 before his social security check is reduced on a $1 for $1 basis, and the person who has no income to speak of and who has exhausted all of his resources, it makes all the sense in the world that we should provide whatever care is necessary for the catastrophic illness type of case, the type of case every aged person worries about.

Suppose I become sick and have a long illness which lasts a year, 2 years, or longer. Suppose I get sick and do not get well, and I hang on for a long time before God calls me home. What will happen to me? Those are the cases that people really worry about. There will be a great disappointment. It will be discussed in every home and in every hamlet in America. Every time one of these catastrophic cases arise, the question will be asked, "Why did not Congress take care of this type of illness?"

The Senator is completely correct in raising the issue.

The Senator from Connecticut, the Senator from Louisiana, and any other Member of Congress, trying to defend themselves for maintaining an act that would cause these pitiful cases to be put on the streets, would find themselves in a defenseless position. Any one of us would be ridiculed at election time when he tried to explain why he would do so much for so many who need so little but so little for so few who need so much.

Mr. RIBICOFF. One of the basic arguments that has always been made for hospital care and medical care under so-

cial security is that those who are self-respecting ought not to be placed in the position of asking for charity. We want them to feel that their needs will be taken care of without their having to go to the welfare department. But by refusing to add to the bill a provision for catastrophic illness, we are making it necessary for millions of people in America who are over 65 years of age, and who cannot afford it, to go to a hospital and apply to the charity department for assistance under the medical program or the Kerr-Mills Act, in order to have their bills paid. That will come out of the General Treasury, because these are open end appropriations out of State or Federal funds, and we are constantly appropriating matching dollars to take care of people who cannot afford to pay.

But we are doing it under the same social security system in this landmark bill. In part B, we provide for $600 million, to pay $3 a month for every person who is out of work, to take care of his other expenses. That will come out of general revenues.

We are doing that because we realize that the cost of medical care involves not only the hospital cost. In addition, it is necessary to pay the doctor or the surgeon. So we have added part II. If we do this to take care of the basic needs and can say to the individual, "If you have a scratch or a blemish removed from your skin, you can go to a hospital for 3 or 4 days, and the Government will pay for it; but if you have cancer or heart disease and have to go to a hospital for 6 months or a year, the Government will not pay for it," where is the commonsense, where is the humanity in refusing to make such provision in the bill? For the life of me, I cannot understand it.

The only basic weakness in the bill—and it is a great bill; I am enthusiastically for it—is the failure to understand the great tragedy, the great fear that hovers over each home in America where someone is over 65. What will happen to mother, father, grandpa, or grandma if a catastrophic illness strikes? When people talk about social security hospital care, they are not thinking of short stays. In everyone's mind is the memory of a long stay. Not only in the big city, but in every hamlet, village, or town, everyone knows about a person over 65 who in order to be cured had to go to the hospital for a long stay.

It would be a tragedy if it were necessary to turn such persons down.

I should like to see this provision added, because I think we can then say that we have passed a really great bill.

Mr. President, I ask unanimous consent that the junior Senator from New York [Mr. KENNEDY] be added as cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. RIBICOFF. I am pleased to yield.

Mr. MILLER. First, the Senator from Connecticut recognizes, does he not, that catastrophic illness is covered, or at least can be covered, under the Kerr-Mills law?

Mr. RIBICOFF. That is correct; but the Kerr-Mills law is not in effect in every State.

Mr. MILLER. That is so; but my State of Iowa has an excellent medical assistance program for the aged. I believe Iowa can carry its head high in the realization that catastrophic illness of the kind the Senator has described is already taken care of. I see no reason why it cannot be taken care of in Connecticut.

Mr. RIBICOFF. Although such cases are being taken care of in Iowa, they are being taken care of in part by the Federal Government, which provides substantial matching funds to Iowa. Basically, when we talk about a person having his bill paid under the Kerr-Mill Act, such bills are being paid for from the State and Federal Treasury. So there is no difference.

But we are now establishing a basic system to take care of the sort of hospital care needs and medical needs of the people of the country by means of a system that will be nationwide under social security.

This could be a most peculiar program. A person would go to a hospital for 60 days, and he would receive care under the basic provision. For the next 60 days he would pay $10 a day for hospital care or $5 a day for nursing home care. After 120 days, he would have to go to the State, under the Kerr-Mills law, for welfare. The welfare department would then check his finances, his wife's finances, his children's finances; he would be asked if he owned an automobile and how much money he had in the Main Street savings bank.

Mr. MILLER. I was merely wondering what the difficulty is with respect to asking about property. In my State of Iowa, as I am sure is true of Connecticut, there are persons who have resources. What is wrong about asking them about their resources?

Mr. RIBICOFF. The Senator from Iowa and I disagree. I do not know how the Senator has voted on or felt about such bills in the past. I have always felt that one of the reasons for advocating the social security approach to problems of health needs is that in that way people are able to maintain their self-respect and dignity. People, as a matter of right, earn over the years social security benefits. Now we are extending the social security benefits from cash payments for retirement to the field of health insurance.

I do not believe that a person having a small farm in Iowa or a retired worker from one of the Connecticut factories, who has spent a lifetime paying for his home, ought to lose his home, whether he be a farmer in Iowa or a factory worker in Connecticut. There may be a difference of opinion or difference in philosophy; but so far as I am concerned, I want to save the home and the little savings the person has worked all his life to acquire, whether in Iowa, Connecticut, Louisiana, Mississippi, or Missouri.

Mr. MILLER. There is no difference between us on that last point. I am quite sure that the Senator from Connecticut will admit that he does not have a monopoly of concern for catastrophic illnesses among the people. The Senator talks about building up social security. But what are we going to do about 17 million people who are over 65 and have never built up the social security needed to finance them? Some of them have never paid a cent of tax money for social security benefits. Now it is proposed to make every one of those benefits automatic. It seems to me it is little enough to ask them whether they have adequate resources to pay for the benefits.

Mr. RIBICOFF. With all due respect, the Senator's figures are incorrect. We are talking about 19 million persons who are over 65. Seventeen million are covered by social security. Two million are not covered by social security.

Recognizing basically that this is a problem, and that the program is important for all the people, we are providing for the 2 million persons out of general revenues in the amount of $285 million. There are 2 million persons who are uninsured, not 17 million, as the Senator said.

Mr. MILLER. Take the 17 million who are under social security and the 2 million who are not under social security, who are already over 65 years of age. They have never paid a cent of tax money for those benefits. They have paid tax money for social security pensions, but not for the benefits.

Mr. RIBICOFF. Would the Senator like to offer an amendment to exclude the 2 million who are not included?

Mr. MILLER. No. This is one of the objections the Senator had to the original administration proposal to protect 17 million.

Mr. RIBICOFF. I am at a loss to understand. First the Senator says he is against bringing in 2 million persons who have not paid a cent. Now he says that the administration was wrong not to include them.

Mr. MILLER. No; I said no such thing. I said there are 17 million persons who are under social security and 2 million who are not under social security, all of whom are over 65 years of age and are covered by the bill, none of them paid any money for the benefits.

The Senator is asking why we should not be concerned about the resources of these people since they would all have a free ride. I would have no objection to the free ride for those who are without resources. However, I suggest that social justice does not mean that we should provide coverage for everybody regardless of ability to pay.

I believe it is a strange concept of social justice that is being advanced.

Mr. RIBICOFF. Mr. President, the Senator is entitled to his opinion. I respect that opinion.

We have now debated this measure for some time. I have been personally interested in the measure for 5 years. I believe that the die is cast. The decision will be made within some 24 hours. The decision will be made on past history.

I believe the debate has indicated that the American people, as represented in Congress, have felt that the time has

come to do something under social security for the health care of the 19 million people who are at present over the age of 65. The Senator from Iowa and I are diametrically opposed in our thinking and basic philosophies.

Mr. MILLER. We may be diametrically opposed over whether people who can afford to pay for these things ought to pay for them. The position of the Senator from Connecticut is that people, regardless of their resources, are entitled to a free ride. The position of the Senator from Iowa is that people, if they have adequate resources, are not entitled to a free ride. To that extent, the Senator from Connecticut and I are indeed diametrically opposed.

I point out that the Senator and I are in complete agreement over our concern about catastrophic illnesses of people, and especially those who cannot afford to pay their bills.

The amendment of the Senator is a humane amendment. However, I believe it goes beyond the demands of social justice. It also overlooks another area of social justice.

The Senator painted a very dim picture about some of those who suffer catastrophic illnesses over the age of 65. I have had relatives in that position. However, what about people under the age of 65? Is the Senator from Connecticut not as concerned about a husband under the age of 30, who has a family and suddenly comes down with multiple sclerosis and drags on for 6 or 7 years, when he does not have the wherewithal to pay the bills?

If the Senator from Connecticut is concerned about humanitarianism, why does he not provide for those people in his amendment?

Mr. RIBICOFF. The Senator constantly reminds me of people who are always against doing something positive. They will always bring up another point which has nothing to do with the issue, in an attempt to rationalize as to why they are not for something. I would rather be for something 50 percent than not be for anything "zero" percent.

I do not understand the point that the Senator makes. Would the Senator now want to cover all persons?

Mr. MILLER. The Senator from Iowa would like to provide for catastrophic illness suffered by people who cannot afford to pay for their bills, regardless of age.

Mr. RIBICOFF. There is nothing that would prevent the distinguished Senator from Iowa from offering an amendment to the bill, if he wished to do so.

Mr. MILLER. Would the Senator from Connecticut support such an amendment?

Mr. RIBICOFF. Very few measures are offered by the distinguished Senator from Iowa with which I find myself in agreement or able to support. I doubt that I would support many measures offered by the Senator from Iowa. If the Senator from Iowa feels very deeply about something, he should offer an amendment to make such a provision.

The Senator from Iowa has the prerogative of offering a measure on the floor and debating it, rather than merely asking questions. When I believe in something, I offer a measure to accomplish that purpose and take my chances of winning or losing. If the Senator from Iowa feels the same way, why does the Senator not do the same thing?

Mr. MILLER. The Senator from Iowa might not have to do the same thing if the Senator from Connecticut would modify his amendment.

Mr. RIBICOFF. The Senator from Iowa knows the parliamentary procedure. He knows how to amend an amendment or to offer a substitute amendment. My amendment, which is the pending business, is the Ribicoff, Hartke, Pell, Pastore, Kennedy amendment.

Mr. MILLER. The Senator from Iowa is quite aware of that fact. However, the Senator from Connecticut has been around long enough to know that quite often those of us who are trying to move forward in a constructive manner offer a suggestion to a Senator who has a constructive amendment, and the Senator will modify his amendment. The Senators then move forward together.

If the Senator from Connecticut is so concerned about his humanitarism, let him modify his amendment along that line and I shall support it. Let us not talk about any past history.

Mr. RIBICOFF. I do not look forward to the support of the Senator from Iowa on any measure that I offer. Therefore, I would not accept his suggestion and incorporate it in my amendment.

If the Senator from Iowa believes very deeply about something, he can offer his own amendment. I do not seek the support of the Senator from Iowa. Our philosophies are diametrically opposed.

Mr. MILLER. Mr. President, I am sorry that the Senator has taken such an attitude in reply to a suggestion. The Senator well knows that I have supported some of his measures. I happen to be a cosponsor of one of his major proposals. Although the Senator and I may differ on other things, I believe that the Senator should still consider suggestions made by the Senator from Iowa on their merits and nothing else. Those are the exact qualifications on which I consider the proposals of the Senator from Connecticut—on their merits and nothing else. That is the way we ought to operate in the Senate.

I do not care whether a Senator is from Mississippi, Alabama, Connecticut, or Maine. If the Senator has a measure that deserves consideration, I will support it. If I believe that a Senator, from my own State or any other State, has a measure that I believe is wrong, I will fight it.

We ought to proceed in the Senate on the basis of merit, rather than personalities. I have genuinely tried to support the Senator from Connecticut when I believed that he was right. I am sure that the Senator does not want me to violate my conscience and support him when I think his position is wrong.

I have made a constructive suggestion. If the Senator does not want to accept it, that is his privilege. However, let us not proceed on the basis of personalities.

Mr. RIBICOFF. Not on the basis of personalities; but if the Senator from Iowa has an amendment, he should draft it and offer it, as all of us do when we have a proposal that we would like to have considered by the Senate.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. MANSFIELD. Mr. President, I have heard from the distinguished senior Senator from New Mexico [Mr. ANDERSON], one of the parents of the legislation now under consideration, and he has relayed me his views relative to the Ribicoff amendment, as follows:

STATEMENT OF HON. CLINTON P. ANDERSON, A SENATOR FROM THE STATE OF NEW MEXICO

Recently, President Johnson presented a first retirement check to the 20-millionth beneficiary of our social security system. Under this program, 20 million elderly widowed, orphaned, and disabled people now receive a regular benefit check. The benefits under the old-age, survivors and disability titles of the Social Security Act will total nearly $17 billion in 1965. I am sure all my colleagues in the Senate share a deep sense of satisfaction in having a part in fashioning such a massive program for human welfare.

We are today considering vast improvements in that system—improvements in benefits payable from the trust funds amounting to $4.81 billion; the added costs of public assistance payments will require outlays of an additional $1.38 billion from the general treasury.

The sense of pride and satisfaction we share in developing such a program is only tempered by our awareness of all the unmet needs that remain. Huge as the additional outlays are, we all know they do not—they cannot—meet all the needs of all our citizens who look to these programs for economic security in time of need.

I fully share the feelings of my distinguished colleague from Connecticut and those who join him in support of his amendment to provide additional hospital care under the basic hospital insurance program. The problem that confronts us all is that there are so many appealing and worthy needs that call upon our sympathies. The cash social security benefits we are now paying to retired workers average only about $78 per month, those for the disabled about $92 and for the widows of deceased workers less than $70. With the increases provided in H.R. 6675, these will be raised to about $83.50, $98.50 and $75 respectively. Does anyone in this Chamber think these are adequate? Of course not. Every one of us would like to see them increased by more substantial amounts.

And so it is with the days of hospital care to be provided. The bill which came before your Finance Committee first proposed 60 days of care in a hospital—recognizing that this met all the need for the great majority. We are now proposing 60 more days on a shared-cost basis, with additional nursing home and home health care. We know that even with these generous additions, the care provided will not meet every last bit of need for every single individual with exceptional needs, but it will prevent catastrophe befalling millions of our elderly. The issue is one of proportion and priority. Our Nation is indeed wealthy—but resources are not unlimited. The arguments for unlimited care for the exceptional case are appealing and have been eloquently presented. But they are no more appealing than those that can be made for every other category of benefits.

We all know there will remain cases of need that are not fully met by the insurance provisions of this bill. There will, of course, be a few—a very few—who will need more than 60, or even 120, days of care in a

hospital. But there are also many retired workers for whom $80 or $85 a month is insufficient—many widows for whom $75 is far too little. A reasonable limit on the hospital stay provided under this bill is consistent with the purpose of our social security system, which has never been to meet all of every person's need. The purpose of this program has rather been to provide for all persons a basic floor of protection to which the individual can add by his own efforts, acting individually or with others of his group. The durational limits on hospital care provided in the bill as reported by your committee are consistent with that principle.

Next month we celebrate the 30th anniversary of the Social Security Act. When he signed it, on August 14, 1935, President Roosevelt said:

"Today a hope of many years standing is in large part fulfilled * * *. We can never insure 100 percent of the population against 100 percent of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measure of protection to the average citizen and to his family. * * * This law too represents a cornerstone in a structure which is being build but which is by no means complete."

Today we are adding to that structure as we have from time to time in the past 30 years. We know we are not completing it, even now. But as we build, I trust the Congress will, as it has for 30 years past, build with compassion and with wisdom.

Mr. President, I am fully in accord with the views of the Senator from New Mexico.

Mr. SMATHERS. Mr. President, I yield to the Senator from Tennessee [Mr. GORE] for such time as he may require.

Mr. GORE. Mr. President, I am elated that the proposed legislation is nearing enactment.

It was only last year that the bill was considered to be highly controversial.

Fortunately, the Senate passed the bill at that time. The wisdom that either body had approved the proposal.

Because of the illness of the distinguished senior Senator from New Mexico last year, it fell to my lot an opportunity to play a leading role in obtaining approval of the bill by the Senate. Fortunately, the distinguished Senator from New Mexico is in better health this year and has been able to take the lead.

Nevertheless, I have aided in drafting the bill and have supported it to this point. I regret that the amendment offered by the able, distinguished, and dedicated senior Senator from Connecticut [Mr. RIBICOFF] is before us. It has much merit. It has great appeal. The danger is that the program will be loaded beyond capacity in the initiation of the program.

Unquestionably, in the future the benefits will, of necessity, be increased and, perhaps, the coverage and scope of the program accelerated and broadened.

Nevertheless, I believe that at this time the adoption of the amendment would be unwise.

Mr. President, much as I dislike disagreeing with my good friend, the junior Senator from Connecticut, I must object to his proposal that we remove the durational limitations. The bill already provides benefits for up to 120 days of hospital care in a spell of illness—twice as long a period as proposed by the House—plus an additional 100 days of posthospital care in a skilled nursing institution. This adds up to more than 7 months of care during a single spell of illness, not including the health care that the person could receive in his home under the home health care provisions.

Mr. President, virtually every case of catastrophic health costs would fall within the durational limits provided in the bill.

In the case of older people, covering hospital and extended care services for unlimited durations might well result in substantial overutilization of hospital and extended care facilities. In extending protection for the probably less than one in a thousand who would really need institutionalization for more than the 220 days provided in the bill, it would be very difficult, at least at the beginning of this new program, to prevent others who would not need hospital care from staying in the hospital longer than necessary. One of the problems involved in covering long-term institutional care is determining whether the care is really needed for medical reasons, or whether it is being provided because of a need for custodial or domiciliary care. In many cases, long-term stays in institutions result from a need for services, such as room and board, and help with dressing, bathing, and other forms of personal care, and not from a need for medical and related services.

Custodial care is essentially a problem of financing the costs of housing, rather than a problem of financing health care costs. Much of the real solution to this problem, it seems to me, lies in providing low-cost housing facilities for the aged. On the other hand, the only proper objective of the proposed health insurance programs is to provide coverage of medically necessary care that will cure and rehabilitate the patient. It is extremely difficult in long-stay cases to draw a clear-cut line between the point when medically necessary care terminates and custodial care begins. Removal of limitations on the benefits would severely aggravate this problem. Let me point out, Mr. President, that distinguished physicians who testified before the House Committee on Ways and Means earlier this year expressed the view that even 60 days of hospital insurance benefits—the duration proposed by the House—may well be excessive. They pointed out that one of the problems in providing benefits of long duration was that there was an unconscious tendency on the part of physicians to wish to keep their patients in the hospital during the whole period of benefits. To the extent that longer stays than now will be encouraged, the proposed amendment would introduce new cost factors which are impossible to evaluate with any degree of certainty. Virtually no insurance for the aged now written provides hospital benefits beyond the 120 days provided under the bill.

Because of the need for better housing and the need for custodial care among the aged, the number of older people seeking and obtaining care in medical facilities might very well increase greatly if benefits were provided for unlimited institutional care.

CONCLUSION

Let me remind Senators that the Committee on Finance has already given consideration to the possibility of removing the limits on paying hospital benefits and posthospital extended care and home health benefits. The amendment was rejected for the very good reason that it could open the way for a significant degree of overutilization and introduce new cost factors which would be impossible to estimate with any degree of certainty. I believe that we should not take on all these problems. It just does not make sense to expose the program to overutilization and excessive costs for the very few cases—probably fewer than one in a thousand—in which older people really have to be institutionalized for longer than 220 days to receive needed medical care.

I believe that we should start out prudently and build up experience administering the benefits now in the bill, before undertaking so broad a program as that proposed by my good friend, the junior Senator from Connecticut. If and when experience warrants it, and only then, should action be taken to extend or eliminate the limitations on the duration of stays.

For these reasons I urge Senators to join me in voting against the proposed amendment.

Mr. MCNAMARA. Mr. President, I associate myself with the remarks of the Senator from Tennessee [Mr. GORE] and the statement of the Senator from New Mexico [Mr. ANDERSON], made in his behalf by the majority leader.

In the proposed legislation, we are principally trying to deal with the short-term illnesses of older Americans. These illnesses are dealt with rather well in the bill as it came out of the Finance Committee. I do not question the motives of those who would expand further. The expanded benefits may well be much needed, as pointed out by the distinguished Senator from Connecticut. It would change the basic purpose of the bill, as I see it. The purpose of the bill is to take care of short-term illnesses. Some short-term illnesses can be catastrophic, too.

The types of illnesses which would be covered under the terms of the present bill can be considered catastrophic.

When we consider that the average hospital stay is 15 days and that the average hospital bill is $650, not including doctors' bills and other fees, and that the average annual income of these persons whom we are trying to help is approximately $1,275, we can see how serious and catastrophic a short-term illness can be. The average income of nonmarried persons over 65 years of age is $1,275.

I believe that the committee bill does a good job in meeting the needs and expenses of short-term illnesses. I believe that the committee should be complimented on the fine work it has done. When the Senate goes to conference with the House, a large number of differences will have to be ironed out, and if we start adding amendments such as the one now pending before the Senate we will be imposing an even greater bur-

den. I am sure that many Senators have ideas as to provisions of the bill which they believe should be better and which would improve the lot of people generally, but somewhere along the line we must stop. I believe that the committee bill is the place where I would recommend that we stop. I believe that this is enough to put in a conference. If we go much beyond that, I believe there is a good chance of jeopardizing the proposed legislation, which is so badly needed at this time.

Mr. SMATHERS. Mr. President, as the Senator in charge of the bill temporarily, let me say that I have contacted as many members of the Finance Committee as possible, and I am prepared, on behalf of the committee, to accept the amendment and take it to conference for further study.

Mr. JAVITS. Mr. President——

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, I believe that the number of Senators who have expressed themselves on this issue may have some influence on the conferees. I understand that, because I have inquired as to the reasons why the amendment is being taken to conference. I have had enough experience in the Senate to know that it is unprofitable, sometimes, to try to run roughshod into matters which the Senator in charge of the bill might feel to be best for the ultimate fate of a bill.

I shall not do that at this time, but I cannot sit silent without identifying myself with the views of Senators who feel that by adoption of the pending amendment the basic concept of the bill would be changed.

Mr. President, I do not know what straw will break the camel's back. I hope it is not this one. But, it could be. The contemplation of these measures—and I have been among their most ardent advocates—has always been that they would provide a care package which was essentially carried by the social security tax. I believe that the addition of the supplementary coverage was an excellent addition. I like it very much. If the proposal, for example, were to expand supplementary coverage which was voluntary to deal with catastrophic illness, I would have a different view concerning it, but to load this problem onto the back of the Government plan makes me feel exactly as the Senator from New Mexico [Mr. ANDERSON] has expressed it—and he has been a longtime partner in this matter—that is, that we would be overloading the bill beyond its purpose, beyond its intent, and not necessarily for the best good of having the whole package accepted.

Mr. President, enactment of the bill will be a historic breakthrough. Therefore, I hope that when the amendment is taken to conference, the Senator in charge of the bill will bear in mind that many of us view the situation with deep disquiet, and that at the very least they will make some other disposition of the idea. Putting it into the supplementary package would be, in my judgment, the sound way to approach the particular problem. That is the package which is based upon a voluntary contribution by the beneficiary and the Government. That would not only cut its cost, but would also put it where it belongs, on the voluntary side, over and above the minimal program for which the Government is, for all practical purposes, the underwriter as financed by social security taxes.

I point out, too, that this program, in its basic part, is substantially viable and is, in fact, producing an excess in social security taxes over and above its costs, except for roughly 2 million, who are not under the social security system, for whom the Federal Government pays the bill.

I hope that the managers of the bill, when they go into conference, will understand that if they bring back some reasonable resolution of this problem of catastrophic illness, preferably on the side of the bill which this amendment unfortunately does not affect, there are many of us who will support it. However, we see the bill going out with this amendment on it with the greatest disquiet. It is my intention to vote "No" on the voice vote that will ensue.

Mr. SMATHERS. I thank the Senator. I should state that I share the sentiments that have been expressed by the Senator from Tennessee and the Senator from Michigan. Under the circumstances, however, I am prepared to take the amendment to conference for further study.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. RIBICOFF].

Mr. COOPER. Mr. President, I ask for a division.

The Senate proceeded to divide.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays.

Mr. GORE. Mr. President, I should like the floor.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. RIBICOFF]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana (after having voted in the affirmative). On this vote I have a pair with the senior Senator from Virginia [Mr. BYRD]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withdraw my vote.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the distinguished senior Senator from New Mexico [Mr. ANDERSON]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Wyoming [Mr. MCGEE], are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Virginia [Mr. BYRD], and the Senator from Indiana [Mr. HARTKE], are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. GRUENING] and the Senator from Idaho [Mr. CHURCH], would each vote "nay."

On this vote, the Senator from Indiana [Mr. HARTKE] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Wyoming would vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Nebraska [Mr. HRUSKA] are absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON], the Senator from New Hampshire [Mr. COTTON], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT] would vote "yea."

On this vote, the Senator from Illinois [Mr. DIRKSEN] is paired with the Senator from Wyoming, [Mr. SIMPSON]. If present and voting, the Senator from Illinois would vote "yea" and the Senator from Wyoming would vote "nay."

The result was announced—yeas 39, nays 43, as follows:

[No. 165 Leg.]

YEAS—39

| | | |
|---|---|---|
| Bartlett | Long, Mo. | Pell |
| Bayh | McGovern | Prouty |
| Boggs | McIntyre | Proxmire |
| Brewster | Mondale | Randolph |
| Burdick | Montoya | Ribicoff |
| Byrd, W. Va. | Morse | Russell, Ga. |
| Clark | Morton | Smith |
| Curtis | Mundt | Talmadge |
| Dodd | Murphy | Thurmond |
| Fong | Nelson | Tower |
| Jackson | Neuberger | Williams, Del. |
| Kennedy, Mass. | Pastore | Yarborough |
| Kennedy, N.Y. | Pearson | Young, N. Dak. |

NAYS—43

| | | |
|---|---|---|
| Allott | Hart | Moss |
| Bass | Hickenlooper | Muskie |
| Bible | Hill | Robertson |
| Cannon | Holland | Russell, S.C. |
| Case | Inouye | Saltonstall |
| Cooper | Javits | Scott |
| Dominick | Jordan, N.C. | Smathers |
| Douglas | Jordan, Idaho | Sparkman |
| Eastland | Kuchel | Stennis |
| Ellender | Lausche | Symington |
| Ervin | McCarthy | Tydings |
| Fannin | McNamara | Williams, N.J. |
| Fulbright | Metcalf | Young, Ohio |
| Gore | Miller | |
| Harris | Monroney | |

NOT VOTING—18

| | | |
|---|---|---|
| Aiken | Cotton | Long, La. |
| Anderson | Dirksen | Magnuson |
| Bennett | Gruening | Mansfield |
| Byrd, Va. | Hartke | McClellan |
| Carlson | Hayden | McGee |
| Church | Hruska | Simpson |

So Mr. RIBICOFF's amendment was rejected.

Mr. SMATHERS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION FOR PRINTING OF MOTION TO RECOMMIT

Mr. CURTIS. Mr. President, I ask unanimous consent that should I choose to offer a motion to recommit to the committee with instructions the bill H.R. 6675, such motion to recommit may be printed as amendments are printed. I make the request merely so that Senators will have information as to what might be involved.

The PRESIDING OFFICER (Mr. MONDALE in the chair). Is there objection?

The Chair hears none, and it is so ordered.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY of Massachusetts. Mr. President, I offer the amendment which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 120, line 10, it is proposed to strike out "$1,000" and insert in lieu thereof "$100".

Mr. KENNEDY of Massachusetts. Mr. President, under all the laws passed by Congress dealing with public assistance and social welfare Congress has never included any limitation upon the right of a citizen to appeal an administrative decision by the agency involved. In public assistance statutes we have always provided for the right of the beneficiary to question a decision made in his specific case, on the basis that the rules and regulations established to administer such laws cannot account for every possible situation where a real inequity may arise. While it may well be that many appeals will arise under public assistance laws as a result of misunderstanding of the benefits available and their amounts, we have nevertheless considered it important to keep the appeals route open so that valid complaints could be found and heard.

I was surprised to note, therefore, that under section 1869 of H.R. 6675 there has been placed, for the first time, a limitation on the beneficiary's right to appeal on the sole basis of the amount in controversy. Section 1869(b) of the bill states that where the amount of benefits due to a person under the compulsory hospitalization plan—part A of medicare—is in question, the usual appeals procedure that exists in our social security laws, including final judicial review of the Secretary's decision, will be allowed only where the amount in controversy is $1,000 or more. I find this provision to be inequitable and my amendment is designed to strike out this exceedingly high limitation and to substitute the lower figure of $100.

I can fully realize the concerns that the Social Security Administration may have over the number of cases that may arise under this new statute, but I am convinced that until the medicare program has been in operation for some time we should not place administrative ease above the rights of our elderly to question adverse decisions. To the majority of the elderly the amount in question may well involve a substantial part of their income or savings.

When a person over 65 enters a hospital, receives posthospital care, outpatient diagnostic service, or posthospital home health services he is eligible for the benefits prescribed in the basic medicare plan. The Secretary of Health, Education, and Welfare will have to establish rules and procedures governing these various services. The decision to admit such a person, determine his stay, order his tests, drugs, and treatments, rests with the physician who must certify that the services are necessary and proper. Utilization review committees are also provided for in the bill and each hospital must have a review plan. While these wise provisions will be instrumental in controlling the amount of benefits due the patient, there is no doubt that there will be instances of controversy. In fact, Mr. President, it is often the case that the rules and regulations employed to administer such laws are perfected in the long run by the ability of beneficiaries to appeal adverse decisions.

Mr. President, I have asked representatives of the Social Security Administration and other experts to explain the rationale for a $1,000 limitation on beneficiary appeals. The only explanation is one of concern over administrative caseloads as well as concern over the number of cases that may pile up in the courts. I have investigated all the other programs under our social security laws and have not found one instance where a beneficiary's right to appeal has been conditioned upon the amount in question. Under those titles of public assistance where administration is relegated to the States I have found that in each instance it is stated in our laws that the Secretary will only approve a State plan if rights of appeal are provided for, regardless of the amount in question. The grants to States for old age assistance and medical assistance for the aged contains such a clause, as does the program for aid and services to needy families with children, or the grants program to States for aid to the blind, or aid to the permanently and totally disabled.

Moreover, under our basic Federal old age survivors and disability insurance benefits section 205 clearly lays out the appeals procedures that must be followed, again regardless of the amount in question. Section 205(b) of the Social Security Act directs the Secretary to make findings of facts on decisions as to the rights of any individual applying for payment under the Social Security Act. He is required to give such a person reasonable notice and opportunity for a hearing with respect to any decision made concerning a person's eligibility or the amount of benefits in question, and after such a hearing the Secretary will affirm, modify or reverse previous findings of facts and previous decisions. Under section 205(g) of existing law it is stated that any individual after a final decision of the Secretary may obtain a review of such a decision by a civil action commenced within 60 days after the notice of the Secretary's decision. This action will be brought in the district court of the United States and the court will have the power to enter a judgment affirming, modifying or reversing the decision of the Secretary, with or without remanding the case for rehearing. It is this section of the social security laws which section 1869 of the medicare bill will change by providing that only when the amount in controversy is $1,000 or more would this appellate procedure be open to the individual.

I have also looked into the appeals procedure under the Federal employees health benefits program—the health benefit program for civil servants—and I have found that where there is a dispute between the civil servant and the carrier concerning the amount of benefits received, that dispute could be brought to the Civil Service Commission, and the Commission will contact the carrier. I am informed that between 250 and 300 such complaints come up each month and that approximately 100 of those cases are such that the Civil Service Commission contacts the carrier for a review.

I have contacted representatives of the Social Security Administration to find out what their caseload is under the old-age survivors and disability insurance provisions of our social security laws. In 1965, some 20,000 hearings were held under the administrative procedures established by section 205 of the Social Security Act. But it also should be pointed out that in cases involving disability insurance alone, approximately 30 percent of these hearings resulted in reversals of prior adverse decisions, and in other cases approximately 23 percent of the hearings resulted in reversals. Also, only about one-twentieth of all the cases that came to hearings wound up as new cases filed in the district court.

So I am convinced, Mr. President, that new legislation as complex as Medicare, with the express purpose of assisting the elderly to meet their medical expenses from their meager incomes, should not disregard a beneficiary's appeal because the amount in question is $1,000 or more. These citizens have incomes of only $2,000 a year; a disagreement in benefits of only $200 represents 10 percent of their income. Should they not be able to appeal in this situation involving so much of their income? Could it not be true that the most equitable and worthy case may be one involving only $150?

I hope that this measure will not be passed with such a built-in inequity. I feel that if experience shows us that the administrators of the program do meet an exceptional caseload, we could place a limit on appeals at a later date. But until this is a problem, I am opposed to any provision that places a burden on the elderly rather than on program administrators.

Mr. LONG of Louisiana. Mr. President, I have read the amendment and have discussed it with the Senator from Massachusetts. The proposal was not considered in committee, but the amendment is worthy of consideration. It would be in conference. I shall be

pleased to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts [Mr. KENNEDY].

The amendment was agreed to.

Mr. SMATHERS. Mr. President, I desire to associate myself with the remarks of the very able and distinguished Senator from Louisiana and other Senators who support the pending bill entitled "The Social Security Amendments of 1965."

Today's legislation is proof that strong medicine need not be bitter because this measure steeped for long years in the legislative kettle the harsh additives have been removed. We now have a good bill—one that will do the job and one which will be palatable to the majority of Americans.

This measure, without doubt, is one of the most significant pieces of legislation to come before the Congress. Standing in this historic Chamber I recall the struggles which have occurred in the past to seek the enactment of legislation designed to achieve the objective of helping our senior citizens live out their days in dignity and peace which they have so richly earned.

In those past years I opposed various medicare proposals that undoubtedly had fine objectives because I felt they did not provide for an effective and adequate medical care program for our older Americans. Many of these proposals in the past, in my opinion, held out much more to our senior citizens than they in fact would have accomplished.

Our late President John F. Kennedy said that to meet the health problems of our senior citizens would take determination, dedication, and hard work. In addition he pointed out that it would take will and effort, as well as vision and boldness.

President Lyndon Johnson also believed this way and demonstrated the fact by making medicare one of the major issues he wanted to come before the Congress and to be disposed of this year.

The pending proposal without doubt is the most important piece of legislation in behalf of older Americans which has come before us in 30 years.

It has been forged by determination, dedication, and hard work by Members on both sides of the aisle. It is, in my opinion, a good compromise that will provide an effective and workable program for our senior citizens.

The most pressing problem faced by our older Americans today is the unpredictable costs of health care and the law incomes with which they have to meet these costs.

The pending bill meets this problem for its major change is to enable people to contribute from earnings during their working years for protection against the costs of hospital and related care after age 65 when their incomes generally decline.

It will affect virtually everyone of the nearly 19 million people in this country who have passed their 65th birthday. Their numbers as we all know are increasing by 1,000 every day.

In 1960 of the nearly 5 million people living in the State of Florida, over 570,000 were aged 65 and over. Today over 5½ million persons are living in my State and over 700,000 persons are age 65 and over.

I feel confident that good results will flow in the passage of the pending measure.

No longer will our aged be required to shoulder the heavy burden of fear which has plagued them for years—the fear that their lifetime savings which enable them to meet their day-to-day living costs will be wiped out by the heavy cost of a major illness.

Passage of the pending measure will relieve our senior citizens of these fears and enable them to live out their retirement years in dignity and independence.

Under its provisions 19 million older Americans will be eligible under the basic hospital insurance plan. Approximately 700,000 of the age of 65 and over living in Florida alone will be eligible for benefits when the program goes into effect on July 1, 1966.

In Florida, hospital insurance payments would be about $88 million in 1967, the first full year of the operation of the program.

The supplementary medical insurance program, that would be available to most older people who choose to enroll and pay the required premium, would greatly benefit our senior citizens. For example, if seven out of eight of the eligible aged in Florida are enrolled in the program in 1967, benefits would total about $28 million in that year.

While the health insurance provisions are important, let us also remember that we are making making many other important changes in social security.

Today's legislation will fill the gaps that the limited hospitalization bills of yesteryear failed to do. For nearly 19 million Americans this bill will mean that when illness knocks at the door it need be only a rap, not a dreaded alarm.

One of the most important, of course, is the 7-percent increase in monthly benefits for the 20 million social security beneficiaries—the aged and the disabled and their families and orphaned children and their widowed mothers.

The last general social security benefit increase was enacted in 1958 and was effective with benefits payable for January 1959.

Since that date there have been changes in wages, prices, and other aspects of the economy that indicate very clearly the need for this increase. It is estimated that $91 million in additional old-age, survivors, and disability insurance benefits will be paid in the State of Florida alone in 1966 due to the increase in benefits provided for in this bill.

Though the pending proposal is a good step forward, I believe there are certain areas in which it could be better.

One of the changes which many of the committee members felt was needed was a change in the amount of earnings an individual age 65 and over may have and still receive all of the social security benefits to which he is entitled.

Under present law, a person may earn $1,200 each year without having his benefits reduced and there is a $1 reduction in benefits for each $2 of earnings above $1,200 and up to $1,700. Benefits are reduced by $1 for every $1 of earnings above $1,700.

I introduced an amendment to liberalize this retirement test which would have enabled an individual to earn $2,400 yearly without a reduction in benefits and provide a $1 reduction in benefits for each $1 earned above $2,400.

The committee, however, did not go as far as I would have liked. The committee bill increases the $1,200 figure to $1,800 so that a beneficiary under age 72 may earn $1,800 in a year without any reduction in his benefit amount. If his earnings exceed $1,800, $1 in benefits would be withheld for each $2 of earnings up to $3,000 and for each $1 of earnings thereafter. I accept the committee decision. This is a part of the democratic process.

I introduced an amendment under which widows, age 60 or over, could remarry and be entitled to benefits in an amount equal to the benefit from her former husband or her current husband, if he is a social security beneficiary, whichever amount is greater. If her husband is not a beneficiary, her benefit from her former husband would continue. Under existing law, it would terminate. The committee accepted this amendment, and it is included in the bill.

I introduced an amendment to include payment for Christian Science nursing home services under the extended care provisions and for payment for Christian Science visiting nurse services under the home health provisions of the basic hospital insurance plan. The committee accepted this amendment, and it is included in the bill.

While this bill is a good bill, I expect that in the future we will see it continually changed for the better. The measure provides for the establishment of a National Medical Review Committee to study the utilization of hospitals and other medical care and services and to make recommendation for changes in the law.

This Committee will include representatives of organizations and associations of professional people in the field of medicine. It will also include people who are outstanding in the field of medicine or related fields. A majority of the Committee are to be physicians and at least one member will represent the general public. Thus, we will have the benefit of the advice and counsel of those most intimately concerned with the effective operation of these two new programs.

Prof. Arnold Toynbee, the distinguished world historian who settled in Florida as resident and teacher has concluded that the quality of a society can best be measured by the "respect and care given its elderly citizens." With this bill we are saying to this great Nation that age will be a time of dignity and decency and that ill health need not be a scourge.

I mentioned at the beginning of my statement the concern that two great Americans, the late President Kennedy, and President Johnson had of our re-

sponsibility to our senior citizens. Both of them saw, as many of us have, the heartbreak and despair which occur when illness threatens. The story is a living story, not merely statistics. It is burned deeply into every city and town, every hospital and clinic, every neighborhood in America.

I urge the adoption of the pending proposal because it meets the challenge of today, does not and will not interfere with the free practice of medicine or the doctor-patient relationship and it will not bring about the socialization of medicine or the destruction of our free enterprise system.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG of Louisiana. Mr. President, it is my hope that Senators who have amendments will offer them. I have discussed a number of amendments with Senators. We would be willing to accept some of those amendments if they would offer them.

We would like to debate some amendments and vote tonight, because we could do that just as well as doing it tomorrow. We might have a long weekend instead of a short weekend, if we could proceed to vote on these amendments.

### EARLIER EFFECTIVE DATE OF PUBLIC ASSISTANCE PAYMENT INCREASES IS IMPERATIVE

Mr. YARBOROUGH. Mr. President, the provisions of title IV of House bill 6675 increasing Federal payments under the public assistance titles of the Social Security Act are—although a persuasive case for still greater increases can be made—a small, though significant, step in the direction of more adequate payments. I question, however, the wisdom of delaying the effective date of the increases until January 1, 1966, especially when the effective date of the OASDI increases is retroactive to January 1, 1965. Because of the existence of a means test in the administration of the public assistance programs, retroactive payments would be extremely difficult to administer. A person's means changes from time to time; and it would be hard to go back and figure what a

person should have received in relation to his needs during a past period. To make OASDI retroactive, all that the administrator need know is whether a person was alive or not; so this provision would be relatively simple to administer in the OASDI.

There is no reason, however, to delay until the beginning of next year the effective date of the public assistance amendments. I have been advised by the Bureau of Family Services, which administers the public assistance programs, that it is administratively possible to begin the increased payments in the third quarter of 1965. The effective date could then be October 1, 1965, rather than January 1, 1966.

There is no reason to delay. There is every reason to make these increases operative as soon as possible.

OLD AGE ASSISTANCE

Based upon information released by the Bureau of Family Services in April 1964—the most recent complete data I have been able to find, the following statistics document graphically the need for immediate increases:

A 1960 study revealed an average old-age-assistance monthly payment of $77.03 per recipient. In the same year, the OAA recipients had an average of $18 in monthly income from sources other than public assistance. This compares with a figure of $3,047, or about $254 per month, for a "modest but adequate" retired couples budget in Washington, D.C. in 1959—Source: Monthly Labor Review, August 1960. The "modest but adequate" budget is of course higher than the mere subsistence budget intended for old age assistance purposes, but the large difference is nevertheless instructive.

By February 1965, the average OAA payment had risen to only $79.15; so the 1962 amendments cannot be said to have made much of an impact. Part of this problem stems from the tendency of some State governments to reduce their own payments when Federal payments increase. Fortunately, this will no longer happen, since this bill contains a maintenance-of-effort provision. Thus, we can be sure that the full increase will be passed on to the recipient.

Another problem with OAA is that considerably more than half the States fail to make OAA payments adequate to meet their own income tests of financial need. For the country as a whole, according to the 1960 study, the unmet financial need averaged $4 a month per person receiving OAA. The total amount of unmet need represented 5 percent of the total amount budgeted for requirements.

Much the same story of inadequate payments can be recited for the other public assistance programs. In the face of documentary evidence of insufficient financing, and with assurances from those who administer the program that an effective date of October 1 is administratively possible, how can we justify delaying aid to millions of the elderly, to dependent children, to the blind, and to the permanently and totally disabled?

I ask unanimous consent that a table showing the average payment per recipient, for all assistance, by program and by State, be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Average payment per recipient for all assistance, for money payments, and for vendor payments for medical care, by program and State, February 1965* [1]

| State | Old-age assistance | | | Medical assistance for the aged | Aid to the blind | | | Aid to the permanently and totally disabled | | | Aid to families with dependent children (per recipient) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | All assistance | Money payments to recipients | Vendor payments for medical care | | All assistance | Money payments to recipients | Vendor payments for medical care | All assistance | Money payments to recipients | Vendor payments for medical care | All assistance | Money payments to recipients | Vendor payments for medical care |
| Total | $79.15 | $62.44 | $16.71 | $184.54 | $86.27 | $75.51 | $10.76 | $81.04 | $61.69 | $19.35 | $33.65 | $30.96 | $2.70 |
| Alabama | 67.86 | 57.55 | 10.31 | 288.99 | 68.87 | 65.88 | 2.99 | 46.87 | 41.78 | 5.09 | 11.78 | 11.77 | .02 |
| Alaska [2 3] | 91.89 | 69.95 | 21.94 | (4) | 82.01 | 82.01 | | 111.47 | 67.35 | 44.12 | 34.46 | 34.45 | (5) |
| Arizona | 63.32 | 58.21 | 5.12 | (4) | 71.20 | 71.20 | | 67.33 | 67.33 | | 28.44 | 28.44 | |
| Arkansas | 62.33 | 51.12 | 11.20 | 54.92 | 70.16 | 60.25 | 9.90 | 59.21 | 38.76 | 20.45 | 16.66 | 15.34 | 1.31 |
| California | 111.40 | 97.56 | 13.84 | 289.33 | 140.02 | 119.32 | 20.70 | 114.51 | 97.33 | 17.18 | 44.71 | 42.34 | 2.37 |
| Colorado | 96.01 | 80.79 | 15.22 | (6) | 85.75 | 71.59 | 14.16 | 76.14 | 61.73 | 14.41 | 36.27 | 33.73 | 2.53 |
| Connecticut | 80.73 | 62.40 | 18.33 | 197.43 | 122.44 | 65.65 | 56.80 | 82.19 | 44.03 | 38.15 | 46.80 | 40.54 | 6.26 |
| Delaware | 76.33 | 52.81 | 23.52 | 306.55 | 87.81 | 80.37 | 7.43 | 75.91 | 75.91 | | 28.17 | 28.17 | |
| District of Columbia | 87.93 | 63.86 | 24.07 | 313.90 | 79.03 | 76.54 | 2.49 | 82.62 | 71.36 | 11.26 | 32.76 | 32.64 | .12 |
| Florida [3] | 66.32 | 49.56 | 16.76 | 346.46 | 69.08 | 59.77 | 9.31 | 70.26 | 56.43 | 13.83 | 16.05 | 15.36 | .69 |
| Georgia | 57.11 | 47.27 | 9.84 | (4) | 59.75 | 55.76 | 3.98 | 60.56 | 54.40 | 6.16 | 22.11 | 22.11 | |
| Guam [7] | 31.83 | 29.01 | 2.82 | (8) | (8) | (8) | | 25.18 | 25.18 | | 12.98 | 12.98 | |
| Hawaii [3] | 73.60 | 59.23 | 14.37 | 234.47 | 101.38 | 72.41 | 28.97 | 131.67 | 48.10 | 83.57 | 36.62 | 30.92 | 5.70 |
| Idaho | 73.55 | 60.93 | 12.61 | 162.98 | 75.45 | 74.82 | .62 | 56.74 | 49.00 | 7.74 | 38.66 | 38.66 | |
| Illinois [3] | 93.66 | 47.30 | 46.36 | 429.73 | 94.26 | 64.13 | 30.13 | 96.51 | 68.18 | 28.33 | 44.86 | 38.75 | 6.11 |
| Indiana | 83.37 | 44.95 | 38.41 | (9) | 83.55 | 62.59 | 20.96 | 129.50 | 48.69 | 80.81 | 28.94 | 24.33 | 4.61 |
| Iowa | 93.51 | 55.41 | 38.10 | 73.19 | 101.77 | 91.21 | 10.57 | 81.73 | 81.73 | | 38.63 | 34.78 | 3.86 |
| Kansas [3] | 91.10 | 69.90 | 21.20 | 146.71 | 94.03 | 76.37 | 17.66 | 113.66 | 88.55 | 25.11 | 39.05 | 33.04 | 6.01 |
| Kentucky [3] | 64.72 | 49.91 | 14.81 | 39.76 | 72.85 | 62.67 | 10.18 | 77.75 | 62.54 | 15.21 | 26.11 | 21.94 | 4.17 |
| Louisiana | 85.06 | 67.41 | 17.66 | 174.28 | 81.36 | 78.50 | 2.87 | 58.66 | 52.90 | 5.76 | 23.38 | 22.96 | .42 |
| Maine [3] | 82.56 | 53.07 | 29.50 | 243.67 | 82.60 | 72.10 | 10.50 | 89.21 | 69.72 | 19.49 | 28.80 | 27.43 | 1.37 |
| Maryland [3] | 73.39 | 62.13 | 11.26 | [10] 34.69 | 81.34 | 71.02 | 10.32 | 79.80 | 68.49 | 11.31 | 33.30 | 33.30 | |
| Massachusetts | 89.67 | 70.34 | 19.33 | 168.95 | 133.25 | 125.65 | 7.61 | 138.24 | 67.33 | 70.91 | 48.19 | 43.32 | 4.87 |
| Michigan | 97.83 | 79.87 | 17.96 | 408.83 | 95.82 | 80.49 | 15.33 | 112.89 | 85.98 | 26.90 | 36.01 | 34.19 | 1.82 |
| Minnesota | 83.74 | 52.85 | 30.89 | 199.75 | 110.70 | 66.68 | 44.02 | 61.48 | 48.27 | 13.21 | 50.61 | 42.95 | 7.67 |
| Mississippi | 39.28 | 37.14 | 2.13 | (4) | 44.45 | 43.47 | .98 | 43.41 | 43.41 | | 9.93 | 9.93 | |
| Missouri | 66.80 | 58.50 | 8.30 | (4) | 75.00 | 75.00 | | 70.40 | 67.53 | 2.86 | 24.18 | 23.84 | .34 |
| Montana | 71.98 | 71.80 | .18 | (4) | 86.64 | 84.44 | 2.20 | 78.57 | 78.26 | .31 | 36.17 | 36.09 | .08 |
| Nebraska | 92.77 | 40.26 | 52.52 | 334.47 | 109.74 | 54.62 | 55.13 | 95.98 | 46.74 | 49.24 | 31.40 | 28.09 | 3.31 |
| Nevada | 89.64 | 65.97 | 23.67 | (4) | 114.42 | 96.11 | 18.31 | (4) | (4) | (4) | 31.12 | 29.09 | 2.04 |
| New Hampshire | 101.82 | 80.09 | 21.73 | 51.03 | 105.78 | 85.42 | 20.36 | 93.24 | 77.20 | 16.04 | 43.58 | 36.44 | 7.14 |
| New Jersey | 86.76 | 62.48 | 24.33 | 244.50 | 88.35 | 76.22 | 12.14 | 98.27 | 68.52 | 29.76 | 49.48 | 46.77 | 2.71 |
| New Mexico [3] | 79.88 | 58.61 | 21.27 | (4) | 96.04 | 74.19 | 21.86 | 92.22 | 70.14 | 22.08 | 34.09 | 29.59 | 4.50 |
| New York [3] | 91.86 | 73.42 | 18.44 | 290.86 | 111.46 | 85.99 | 25.47 | 126.25 | 73.52 | 52.74 | 45.36 | 40.84 | 4.53 |
| North Carolina | 60.18 | 52.68 | 7.50 | 304.81 | 69.57 | 63.74 | 5.82 | 66.69 | 60.29 | 6.40 | 24.09 | 22.89 | 1.20 |
| North Dakota [3] | 103.68 | 77.91 | 25.77 | 218.60 | 94.43 | 80.96 | 13.47 | 128.98 | 70.55 | 58.43 | 45.40 | 38.82 | 6.58 |
| Ohio | 86.59 | 65.79 | 20.80 | (4) | 84.08 | 69.69 | 14.38 | 78.82 | 63.65 | 15.17 | 31.62 | 28.70 | 2.92 |
| Oklahoma [3] | 96.39 | 76.81 | 19.58 | 155.88 | 122.10 | 102.44 | 19.66 | 112.16 | 92.65 | 19.51 | 32.63 | 32.38 | .25 |
| Oregon | 71.55 | 57.54 | 14.01 | 151.89 | 91.33 | 78.57 | 12.76 | 68.94 | 45.96 | 22.98 | 39.10 | 35.78 | 3.32 |
| Pennsylvania | 78.93 | 63.66 | 15.26 | 243.91 | 75.84 | 71.80 | 4.04 | 77.50 | 57.93 | 19.57 | 31.11 | 29.10 | 3.01 |
| Puerto Rico [3] | 9.51 | 8.82 | .69 | 31.56 | 8.48 | 8.48 | | 8.63 | 8.63 | | 4.10 | 4.10 | |
| Rhode Island [3] | 94.83 | 77.71 | 17.12 | 205.27 | 92.90 | 75.40 | 17.50 | 94.94 | 75.71 | 19.23 | 41.11 | 35.94 | 5.17 |
| South Carolina | 52.16 | 40.07 | 12.09 | 193.01 | 62.44 | 54.54 | 7.90 | 53.08 | 45.19 | 7.89 | 15.64 | 15.14 | .50 |
| South Dakota | 84.98 | 69.98 | 15.00 | 49.83 | 69.57 | 69.57 | | 69.36 | 69.36 | | 31.47 | 31.47 | |
| Tennessee | 57.51 | 45.10 | 12.41 | 35.45 | 55.84 | 54.04 | 1.80 | 54.50 | 52.30 | 2.20 | 22.61 | 21.95 | .65 |
| Texas | 70.13 | 57.55 | 12.57 | (4) | 69.56 | 69.56 | | 57.12 | 57.12 | | 18.65 | 18.65 | |
| Utah | 68.60 | 56.32 | 12.28 | 112.17 | 71.96 | 56.30 | 15.67 | 67.25 | 38.97 | 28.28 | 32.87 | 28.31 | 4.56 |
| Vermont [3] | 84.67 | 47.47 | 37.20 | 353.82 | 73.60 | 60.81 | 12.79 | 84.87 | 59.60 | 25.27 | 29.75 | 29.75 | |
| Virgin Islands | 40.95 | 37.95 | 3.00 | 8.87 | (8) | (8) | (8) | 40.37 | 39.37 | 1.00 | 18.82 | 18.69 | .13 |
| Virginia | 64.20 | 45.46 | 18.74 | 79.69 | 70.57 | 59.02 | 11.55 | 68.90 | 55.64 | 13.26 | 24.75 | 23.75 | 1.00 |
| Washington | 80.47 | 61.15 | 19.32 | 150.72 | 87.42 | 66.06 | 21.36 | 60.72 | 31.25 | 29.47 | 34.98 | 30.72 | 4.26 |
| West Virginia | 49.92 | 39.05 | 10.86 | 29.22 | 47.96 | 41.98 | 5.98 | 51.07 | 40.20 | 10.86 | 26.08 | 23.15 | 2.93 |
| Wisconsin | 111.77 | 31.16 | 80.61 | 156.55 | 98.70 | 50.89 | 47.81 | 122.22 | 37.77 | 84.45 | 48.42 | 41.40 | 7.01 |
| Wyoming | 90.45 | 68.68 | 21.77 | (9) | 94.71 | 72.76 | 21.95 | 89.29 | 69.45 | 19.84 | 39.97 | 36.50 | 3.47 |

Footnotes on following page.

[1] Averages based on cases receiving money payments, vendor payments for medical care, or both. Money payments may also include small amounts for assistance in kind and vendor payments for other than medical care. Averages for general assistance not computed because of difference among States in policy or practice regarding use of general assistance funds to pay medical bills for recipients of the special types of public assistance.
[2] Except for aid to families with dependent children, data for each program represent average payments for recipients of the specified type of assistance under program for aid to the aged, blind, or disabled or for such aid and medical assistance for the aged.
[3] Partly estimated.
[4] No program in operation.
[5] Less than 1 cent.
[6] Estimated.
[7] Data for September; later data not available.
[8] Average payment not computed on base of fewer than 50 recipients.
[9] Program in operation but no payments made in February 1965.
[10] Data for January; data for February not received.

Source: Welfare in Review, April 1965.

Mr. LONG of Louisiana. Mr. President, if the Senator would offer his amendment and make it applicable as of July, perhaps we could persuade the House to compromise on October.

Mr. YARBOROUGH. Mr. President, I accede to the suggestion. It is a very fine suggestion.

Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 360, line 17, strike "December 31," and insert "June 30."

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to add the name of the distinguished Senator from Oklahoma [Mr. HARRIS] as a cosponsor to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, the amendment has merit. We had the same provision in conference last year, to increase the matching funds for public welfare, right up to the first day of this year, when Congress expired.

I was the Senator who had the amendment placed in the bill in an effort to attempt to get the aged people a little increase for those who are being helped by public welfare.

Under my amendment of last year, they would have received the increase as of January this year, had we been able to agree to a conference report.

This controversial medical provision was in conference. The House would not yield. The Senate would not back down. The result was that the aged people who were on public welfare received no assistance, and would not receive anything until January 1 unless the amendment was agreed to.

We have provided that social security payments will be increased retroactive to January 1. What the Senator is attempting to do is to get the matching funds to the States at the earliest possible moment so that the States could give assistance to people on public welfare.

The problem would be an administrative one. The Department would want adequate time within which to obtain records and administer this provision in cooperation with the States. It would require some time to do that.

If the Senate would agree to that date, perhaps we could reach agreement with the House so that the date could be changed. There is great equity in the amendment. Those under public welfare would not receive their proposed increase retroactive to January 1, but their counterparts under the social security system would.

Mr. YARBOROUGH. Mr. President, I am hopeful that the Senate will agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment was agreed to.

AMENDMENT NO. 139

Mr. MILLER. Mr. President, I call up my amendment No. 139 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. After line 12 on page 349, add a new section 328 to title III of said act as follows:

Mr. MILLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

After line 12 on page 349, add a new section 328 to title III of said Act as follows:

"INTERRELATIONSHIP BETWEEN VETERANS' BENEFITS AND INCREASED SOCIAL SECURITY BENEFITS

"SEC. 328. (a) Section 503 of title 38, United States Code, is amended by inserting '(a)' after '503', and by adding at the end thereof the following:

"'(b) Notwithstanding the provisions of subsection (a), in the case of any individual—

"'(1) who, for the first month after the month in which the Social Security Amendments of 1965 is enacted, is entitled to a monthly insurance benefit payable under section 202 or 223 of the Social Security Act,

"'(2) who, for such month, is entitled to a monthly benefit payable under the provisions of this chapter, or under the first sentence of section 9(b) of the Veterans' Pension Act of 1959, and

"'(3) whose insurance benefit referred to in clause (1) for any subsequent month is increased by reason of the enactment of the Social Security Amendments of 1965,

there shall not be counted, in determining the annual income of such individual, so much of the insurance benefit referred to in clause (1) for any subsequent month as is equal to the amount by which such insurance benefit is increased by reason of the enactment of the Social Security Amendments of 1960.'"

Mr. MILLER. Mr. President, there is a memorandum on the desk of each Senator which very briefly explains the purpose of the amendment.

I believe that there is a defect in the bill in that there is no provision which would prevent a cutback in veterans' pensions on the basis of an increase in social security pensions. For example, a veteran receiving social security payments of $105 per month, under the present law would receive $112.30 a month under the bill as a result of the 7-percent social security increase, or an increase of $88 a year. However, his veteran's pension of $100 per month would be reduced to $75 a month, or a loss of $300 per year.

I do not believe that there is any intention in the bill to provide for such a loss in veterans pensions as a result of social security increases.

My amendment would provide that the increase of 7 percent in the social security payments, as provided in the bill, would not deprive a veteran of any portion of his veteran's pension.

Illustrative of this problem is a letter which I received a few moments ago from a veteran in Pennsylvania. In this letter, the veteran points out that he would receive an increase of $8.40 a month in social security benefits, but that it would cost him $32 a month in veteran's pension benefits.

I ask unanimous consent that a letter from Mr. John G. Veatch, of 972 Second Street, Beaver, Pa., be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BEAVER, PA.,
*July 6, 1965.*

Hon. JACK MILLER,
*U.S. Senate,*
*Washington, D.C.*

DEAR SIR: There was a piece in the Pittsburgh, Pa. Press, Sunday, July 4, concerning your efforts to prevent the proposed increase in social security benefits from adversely affecting thousands of veterans' pensions.

I am vitally interested in this matter, and have been corresponding with my Congressman FRANK M. MILLER and Senators HUGH SCOTT and JOSEPH S. CLARK ever since January of this year calling their attention to this situation. My own situation is that an increase of about $8.40 in monthly social security benefits will cost me $32 monthly on my veteran's pension; in effect, I will be paying the Government $32 for every $8.40 I receive.

I have written my Congressmen and Senators today asking them to support your amendment.

I speak for myself, and doubtless thousands of other vets when I say please accept my thanks for your efforts.

Sincerely,

JOHN G. VEATCH.

Mr. MILLER. Mr. President, I ask unanimous consent that an article entitled, "Social Security Rise To Cut Vet Pensions," published in the Cleveland Press of Saturday, July 3, 1965, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY RISE TO CUT VET PENSIONS

(By John Troan)

WASHINGTON.—Thousands of war veterans face an actual cut in Federal benefits when their social security checks are boosted soon by Congress.

The reason: The pensions these ex-servicemen now draw from the Veterans' Administration will have to be reduced or stopped—because the increase in their social security checks will raise their incomes above the ceilings set for such VA benefits.

The VA estimates 12,000 to 18,000 veterans of World War I, World War II, and the Korean conflict will feel the pinch.

However, Senator JACK MILLER, Republican, of Iowa, will try to amend the social security bill in the Senate next week to relieve the vets of this squeeze.

Here's the problem:

A veteran who is totally and permanently disabled for reasons not linked to his military service may collect a VA pension ranging from $43 to $115 a month. But only if his income is below a certain level.

For those who began drawing such pensions before July 1, 1960, the income ceiling is $1,400 a year if the vet is unmarried, and $2,700 a year otherwise.

For those who started collecting such VA pensions since then, the annual income ceilings range from $600 to $1,800 if the vet has no dependents; from $1,000 to $3,000 if he has dependents.

In figuring the vet's income, the VA has to count 90 percent of his social security benefits.

Now Congress is about to boost all social security benefits by 7 percent, retroactive to January 1.

As a result, some vets will be knocked off VA pension rolls. Others will move up from one VA income bracket to another, which will call for a decrease in their VA pensions.

The loss or reduction of the VA benefit will more than offset the rise in the social security check.

Mr. MILLER. Mr. President, I have discussed this amendment with the distinguished junior Senator from Louisiana [Mr. LONG]. I believe that the Senator understands the amendment thoroughly. I hope that the Senator will accept the amendment.

Mr. LONG of Louisiana. Mr. President, I have studied the amendment. We do not intend to have any such result as the Senator from Iowa has pointed out, in which a veteran, while receiving a $8.40 increase, would lose $32 monthly in his veteran's pension.

If that were to be the result, we certainly would want to prevent it. I would be willing to accept the amendment, if the interpretation of the Senator is correct. We shall try to see to it that that situation wil not occur.

Mr. MILLER. Mr. President, I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. COOPER. Mr. President, I think that the Senate owes a great deal to the distinguished Senator from Iowa [Mr. MILLER] for his close study of the bill and the discovery of this defect in the bill which might have adversely affected many veterans.

As passed by the House and reported to the Senate, the bill evidently contains a defect, for the 7 percent increase in social security benefits could rise the incomes of some diabled veterans above the ceiling established for veterans' pensions, resulting in loss or reduction of pension. The Senator cited the case of the veteran who would receive a social security increase of $88 a year, but lose $300 in his pension, and it has been stated that 12,000 to 18,000 veterans of World War I, World War II, and the Korean conflict could be so affected.

The manager of the Senate bill has stated that such a result is certainly not the committee's intention. I am sure the Senate will agree, and that the House will also want to correct this defect so as to protect veterans from an unintended cutback in benefits.

I am glad to support the Senator's amendment.

Mr. MILLER. Mr. President, I thank my good friend, the Senator from Kentucky, for those kind comments.

May I say that I am quite sure my sentiments were those of all of my colleagues, because with our action last year in improving the veterans' pension situation, I am sure we would not intend now that that increase in social security benefits, which are very much needed, be used to cut off what we did last year in any way at all.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MILLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 141

Mr. MILLER. Mr. President, I call up my amendment No. 141 and ask that it be read.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. MILLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. MILLER (No. 141) is as follows:

On page 169, line 9, insert the following: "Add a new subsection (g) as follows: That section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"'COST-OF-LIVING INCREASE IN BENEFITS

"'(v)(1(A) For purposes of this subsection—

"'(i) the term "price index" means the annual average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

"'(ii) the term "base period" means the calendar year 1964.

"'(B) For purposes of determining under this subsection the per centum of increase (if any) of the price index for any year over the price index for the base period, the price index for the base period shall be regarded as 100 per centum.

"'(2) As soon after January 1, 1966, and as soon after January 1 of each succeeding year as there becomes available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary shall determine the per centum of increase (if any) in the price index for the calendar year ending with the close of the preceding December over the price index for the base period. For each full 3 per centum of increase occurring in the price index for the latest calendar year with respect to which a determination is made in accordance with this paragraph over the price index for the base period, there shall be made, in accordance with the succeeding provisions of this subsection, an increase of 3 per centum in the monthly insurance benefits payable under this title.

"'(3) Increases in such insurance benefits shall be effective for benefits payable with respect to months in the one-year period commencing with April of the year in which the most recent determination pursuant to paragraph (2) is made and ending with the close of the following March.

"'(4) In determining the amount of any individual's monthly insurance benefit for purposes of applying the provisions of section 203(a) (relating to reductions of benefits when necessary to prevent certain maximum benefits from being exceeded), amounts payable by reason of this subsection shall not be regarded as part of the monthly benefit of such individual.

"'(5) Any increase to be made in the monthly benefits payable to or with respect to any individual shall be applied after all other provisions of this title relating to the amount of such benefit have been applied. If the amount of any increase payable by reason of the provisions of this subsection is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.'

"SEC. 2. In addition to all sums authorized under other provisions of law to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, to each of the aforementioned funds, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter, such sums as may be necessary to place each of such funds in the same financial position as that which it would have occupied if the preceding section of this Act had not been enacted."

Mr. MILLER. Mr. President, I wish to modify my amendment so that, in the title of the amendment, it will read "On page 211, line 2, insert the following: 'Add a new subsection (f) as follows:' "

I ask unanimous consent that my amendment may be so modified.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. MILLER. I yield.

Mr. LONG of Louisiana. Is the Senator going to request the yeas and nays on the amendment?

Mr. MILLER. I should like to do so.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, my amendment, as in the case of that of the Senator from Rhode Island [Mr. PELL], proposes to grant a cost-of-living increase to social security pensioners.

Two factors brought this matter to my attention. First of all, the committee included a proposed 7-percent increase in social security pensions in the bill. Upon doing some research on this point, I soon discovered why the 7-percent increase was necessary. It is because there has been a constant increase in the retail price index, which means there has been a slow but steady increase in inflation during the past several years.

I have a table which dramatically illustrates what has happened to social security pensions, and I ask unanimous

consent that the table be placed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

| Year | Annual pension | Purchasing power of dollar compared to 1939 dollar worth 100 cents | Real value of pension |
|---|---|---|---|
| | | *Cents* | |
| 1940 | $499.20 | 99.2 | $495.20 |
| 1950 | 870.00 | 57.8 | 502.86 |
| 1952 | 930.00 | 52.3 | 486.39 |
| 1954 | 1,062.00 | 51.7 | 549.05 |
| 1958 | 1,140.00 | 48.1 | 548.34 |
| 1964 | 1,140.00 | 44.8 | 510.72 |
| 1965 [1] | 1,219.80 | 44.4 | 541.59 |

[1] Proposed by administration, 7-percent increase.

(The annual pension is shown for a worker having a $3,000 annual income base, single at retirement, and fully covered, commencing with 1940, the first year social security pensions were paid, and for each year in which Congress has enacted an increase; also for 1964. The 1965 proposed pension represents a flat 7-percent increase being proposed by the administration.)

Mr. MILLER. Mr. President, in referring to the table, I point out that a person having a $3,000 annual income base, single at retirement, and fully covered, commencing with the year 1940, when social security pensions were first used, would have received an annual pension of $499.20.

The purchasing power of our dollar back in those days was about 100 cents. It was 100 cents in 1939. In 1940 it had dropped to 99.2 cents. So the real value of the pension was $495.20. I refer to a person with a $3,000 income base retiring in 1940.

Congress has increased social security pensions down through the years. Congress increased them in 1950. So that the same individual in that year no longer was receiving $499.20, but was receiving $870.

Unfortunately, in the intervening 10 years the purchasing power of our dollar had dropped to the point where it was worth only 57.8 cents. So the real value of the pension in purchasing power was $502.86, as against $495.20 of the pension's value in 1940.

Then in 1952 Congress increased social security pensions. By the way, what I am saying has a direct bearing on those at any level; I used the $3,000 base only as an example. In 1952 the pension was increased to $930. Unfortunately, in that 2-year period the purchasing power of the dollar dropped from 57.8 cents to 52.03 cents. So the real value of the pension was $486.39—even less than the value of the pension in 1950 which had just been increased.

Finally, in 1954, Congress increased these pensions, and this same pension would have brought $1,062. Unfortunately, the purchasing power of the dollar had dropped to 51.7 cents. So the pension had a real purchasing power of only $549.05. However, that was substantially above the purchasing power of the pensions in the previous years.

Now today, or in 1964, the pensions bring in $1,140 for the same individual, but the dollar is worth only 44.8 cents. That means the pension has a purchasing power of only $510.72.

Under the pending bill the pension would have an increase of 7 percent. So the same individual, under the bill today, would receive $1,219.80. But the purchasing power would be only $541.59. I point out that the purchasing power is not as good as the purchasing power of the same pension back in 1958.

In other words, the 7-percent increase is desperately needed to enable those people to come back to somewhere near what their purchasing power was in 1958, but even then, it will not be as good as it was in 1958.

I maintain that the cause of inflation is traceable to the Capitol of the United States—in Congress. It is not in the White House, I do not care who the President of the United States is. He does not have the power to legislate appropriations, or to legislate revenue measures. Members of Congress have that responsibility. Down through the years, I regret that a majority of the Members of Congress have persisted in spending many billions of dollars more than the amount of revenue taken in by the Government.

During the past 4 years, 1961 through 1964, the Government went approximately $28 billion deeper into debt. In the present state of monetary and fiscal policy, every time the Government goes $1 billion deeper into debt, it means that we can count on having a billion dollars worth of inflation. It has been a little worse. While we were going $28 billion deeper into debt over the past 4 years, we also had $28 billion worth of inflation. It will be worse this year. During the first quarter of this year we had inflation at the rate of $4 billion a year—$3.5 billion for January, February, and March. That is almost twice as bad as the rate for the past 4 years.

To show how this affects our citizens, especially those living on a fixed income such as a social security pension, let us reduce this to an equivalent in the form of a sales tax. I believe that the parallel is quite appropriate, because just as the sales tax hits every man, woman, and child who makes a purchase, so does inflation hit every man, woman, and child. It does not make any difference whether we are rich or poor, whether we have a large or a small family. The equivalent, in the State of Iowa, or our share in the State of Iowa, is $7 billion of annual inflation for the past 4 years with a 2½-percent sales tax. There is an official 2-percent sales tax in Iowa, but unfortunately the people of Iowa are, in effect, paying a 4½-percent sales tax, because the 2½-percent comes out of the purchasing power of their money. It will be worse this year.

Mr. SALTONSTALL. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Does the Senator from Iowa yield to the Senator from Massachusetts?

Mr. MILLER. I am glad to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Do I correctly understand that the Senator is saying that he is putting the man who has a social security pension, and who is getting social security benefits, in a different class from anyone who is, we will say, the holder of a mortgage and who is getting a pension from a private source such as a large industrial company, or who is borrowing money from a bank, or anything else. Anyone depending on the dollar to be paid back to him at a future time is going to have less money. While the Senator is making a clear argument against inflation and unbalanced budgets how can he apply it merely to this one group of citizens receiving social security pensions?

Mr. MILLER. I appreciate having the Senator from Massachusetts ask me that question. I believe that the answer to it is this: As I say, I got to thinking about the pending amendment because I saw the 7 percent increase in social security pensions proposed in the bill, and then I did my research to see what inflation would do to social security pensioners. I found out and pointed out some examples.

The question is, what shall we do about it? I went to the act passed by Congress in 1962. I trust that my good friend the Senator from Massachusetts voted for the bill, which is known as the Federal Employees' Salary Act of 1962. Section 1102 of that act, which was passed in 1962, provided for an automatic 3 percent increase in civil service retirement pensions every time there is a 3 percent increase in the cost-of-living index. Therefore, it seemed to me that if we were going to do that for civil service retirees—which I supported—we should also do it for social security pensioners.

The civil service system is a direct responsibility of Congress. The social security system is a direct responsibility of Congress. We have a closer duty to look after these people than we do those who work in private industry.

We can make the argument concerning the hardship which arises to a person living on a private pension. I would be the first to agree that there is hardship, and it is something for which Congress probably should be blamed; but our responsibility is, first, I believe, to Government employees and their retirement as well as to social security pensioners. What we are about to do today is a realization of a duty to social security pensioners, with which this bill is concerned.

Therefore, I would hope that the Senator from Massachusetts would recognize that if we are going to do this for civil service retirees—and we did it in 1962—in 1965, we should also do it for social security pensioners.

I recognize that there may be additional costs as a result. I would hope that there would not be any further inflation, but I am afraid that so long as Congress continues to appropriate billions of dollars more than we take in, it will continue.

My amendment would provide that if there is any additional cost as a result of the 3 percent increase called for, such as civil service retirement pensions, it would be authorized to appropriate the money out of the general fund of the Treasury.

I believe that the Senator from Rhode Island [Mr. PELL] had a good approach, too, because he provided that if—as a result of an increase in social security pensions from the cost-of-living increase—it was determined that there was an impairment in the social security system, Congress could make some changes in social security contribution.

I believe that the same thing could occur under my amendment, because I would guess that if we did favor an increase, necessitating an appropriation out of the general fund of the Treasury, it would not be long before we would find ways and means to increase the contributions by employers and employees to make up for the difference.

Mr. THURMOND. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I am glad to yield to the Senator from South Carolina.

Mr. THURMOND. From the standpoint of equity it seems that there is considerable merit in the Senator's amendment. I am wondering, in thinking about civil service employees who are paid out of the general Treasury—social security retirees——

Mr. MILLER. Will the Senator let me interrupt at that point. It is my understanding that civil service retirees are not paid out of the general fund of the Treasury but out of the civil service retirement fund.

Mr. THURMOND. It is out of the civil service retirement fund, yes, but that is provided by the Treasury Department.

Mr. MILLER. The Federal contribution is, indeed. It does come out of the Treasury.

Mr. THURMOND. In approving the increase as to the social security retirees, what method does the Senator suggest to find the increased funds?

Mr. MILLER. As the Senator knows, under the present bill, there will be an increase in the rate of contributions by employers and employees alike. The rate of increase has been computed not only to take into account the 7-percent increase in social security pensions, but also in part, at least, to cover the medicare features of the bill.

My amendment does not add to the bill at all, except that it would provide that if there is a 3-percent increase in the Consumer Price Index for any year over the base year—and the base year is 1964—because the social security pension increases started January 1 of this year. If there were an increase of 3 percent in the Retail Price Index for any year, automatically the amount would be increased by 3 percent. The bill deals to a great extent with the general revenue in meeting the increase. That is the source for the increase.

Mr. THURMOND. Does the Senator contemplate an increase in the rates?

Mr. MILLER. I am sure the Senator from South Carolina recognizes that if there is an increase in inflation in the next few years—let us say 2 years—if we are on the floor of the Senate and there has been an automatic 3-percent increase in the social security pensions, because there was a 3-percent increase in the Consumer Retail Price Index in 1966 over the base year of 1964, the question would come before the Appropriations Committee about where to get the money.

The amount would be $300 million, to take care of that increase. I would suppose, therefore, if this happens, that the Finance Committee would begin to consider whether there ought to be an increase in the contributions by the employers and the employees to take care of the additional cost.

However, that need not necessarily be the case. A strong argument could be made for taking the increase out of the general fund of the Treasury, rather than out of the social security trust fund.

The Senator from South Carolina well knows that the social security trust fund is not in as good a shape as we would like to have it. Have I answered the questions of my friend from South Carolina?

Mr. THURMOND. I was wondering where the money would come from. That is why I asked the questions. If the cost of living increases 3 percent, it is nice to provide an increase to the social security retirees. However, I wished to know how the Senator planned to finance the increase.

Mr. MILLER. The same way in which the social security retirement system is financed. As the Senator from South Carolina points out, that really comes out of the Treasury. That is where the increase would come from too.

Mr. THURMOND. Of course the social security retirees are paid out of a special fund.

Mr. MILLER. The social security retirees are, indeed, paid out of the social security trust fund.

Mr. THURMOND. Yes.

Mr. MILLER. Government employees are paid out of the civil service retirement fund. However, the Federal Government's contribution to the civil service retirement fund comes out of the general fund of the Treasury.

The Senator from Illinois, our minority leader, will very shortly push for legislation to appropriate a billion dollars out of the general fund of the Treasury to the civil service retirement fund, because at the rate we are going, something must be done or the fund will go broke by 1980.

Mr. THURMOND. Both funds are in jeopardy. Both are financially unstable, and something will have to be done to make them sound.

Mr. MILLER. Let me comment in this way: I have not said that the social security fund is bankrupt. I merely say that the social security trust fund is not in very good shape, because it is unfunded to the extent of about $320 billion. The way it will be made up is by contributions from future generations. The younger workers coming into the labor force now, probably 20 or 21 years of age, will be paying, along with the employer, $167 for every $100 in social security that the young worker will get when he retires 40 or 45 years later.

If these young workers went to a private insurance company and paid for a similar annuity, it would probably cost them about $35 a year.

The great difference that these young people will be paying will make up for the unfunded liabilities to which I have referred, which have occurred as a result of Congress down through the years playing a little 3-to-2 game, increasing social security benefits by $3, but increasing the withdrawal to meet the benefits by only $2.

It is a nice game, but some time or other it will catch up. It will catch the young people in the neck, as sure as we are standing here.

This is one reason why I have provided for financing this cost-of-living increase out of the general fund of the Treasury, so as not to further jeopardize the social security trust fund. It is done in exactly the same fashion as the civil service retirement system is taken care of.

I thank my friend, the Senator from South Carolina for his very good questions. I am glad he asked them, because I wished to bring out these points.

Mr. THURMOND. I thank the Senator from Iowa.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE ON THE PENDING MILLER AMENDMENT

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. LONG of Louisiana. Would the Senator be willing to agree to a unanimous-consent request to limit time for debate and to have a vote after the morning hour tomorrow?

Mr. MILLER. What did the Senator have in mind with respect to a time limitation?

Mr. LONG of Louisiana. The majority leader suggests that there be a morning hour of 10 minutes, and that then 20 minutes for debate be allowed on the Miller amendment, the time to be equally divided and controlled, respectively, 10 minutes to a side, by the Senator from Iowa and by the manager of the bill. At the conclusion of that time the Senate would vote.

Mr. MILLER. With no time taken out for a quorum call?

Mr. LONG of Louisiana. That is correct. Of course, when the time had been concluded under the unanimous-consent agreement, it would be in order to suggest the absence of a quorum.

Mr. MILLER. After the morning hour there would probably be a quorum call, and I would not want it to come out of the time allotted to either side.

Mr. LONG of Louisiana. Excluding quorum calls.

Mr. MANSFIELD. The vote to be had not later than 12:30 tomorrow.

Mr. MILLER. That is quite agreeable.

The PRESIDING OFFICER. Is there objection?

Mr. LONG of Louisiana. Senators will note in the RECORD that the vote will be had at that time, and they will make themselves available.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the order is entered.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

UNANIMOUS-CONSENT AGREEMENT

*Ordered,* That effective on Thursday, July 8, 1965, after the conclusion of routine morning business, which is not to exceed 10 minutes, further debate on the amendment by the Senator from Iowa [Mr. MILLER] (No. 141) shall not exceed 20 minutes to be equally divided and controlled by the Senator from Iowa [Mr. MILLER] and the Senator from Louisiana [Mr. LONG], and that the vote thereon be not later than 12:30 o'clock.

Mr. MILLER. Mr. President, the questions asked by the Senator from Massachusetts and the Senator from South Carolina have brought out some of the points that I had intended to bring out.

I recognize that the argument can be made for legislation that might do something about inflation and its impact on various areas of our country.

For example, every once in a while a proposal is made to include a cost-of-living increase feature on the redemption of Government bonds. It is argued that if a person buys a savings bond and puts in a dollar which is now worth 44.2 cents, he should, after 6 or 7 years, when he cashes the bond, get in return a dollar worth 44.2 cents. At the rate we are going, he will probably get a dollar worth 38 cents or 39 cents, as compared with the purchase price.

There is a great deal to be said about providing that Government bonds be repaid in equivalent purchasing-power dollars.

However, I believe it is necessary to take up these matters one at a time. Probably the most important thing that should have been done was what was done in 1962, when we took care of the civil service retirees. This has been done, and the precedent has been established.

I cannot see any justification for not doing the same thing with respect to social security pensioners. There are some areas in the private economy in which persons are already receiving the benefits of the cost-of-living increase. Some of the labor unions have what are called escalation clauses in their contracts. Under the escalation clause, when the retail price index goes up a certain fraction of a percent, the wage earner receives an increase in his wages.

I am not condemning that at all. I can well understand why it is necessary to do that. Wage earners need to have money. They need to have equivalent purchasing power to take care of their family responsibilities, just like anyone else. But the social security pensioner does not have anything like that. For a long time now, since 1958, he has seen the purchasing power of his pension go down, down, and down; he has had nothing to make up for it.

The bill will help to make up for it, only it will be about 6 or 7 years late.

My amendment is necessary to prevent the hardship that arises as a result of the long-time lag between the last social security pension increase and the current one—the long timelag during which the value of those pensions has gone down.

The amendment is equitable. I would certainly hope that the Senator from Louisiana would see fit to take it to conference and see what the conferees think about it. I know that the Senator was quite sincere when he answered the Senator from Rhode Island [Mr. PELL] earlier today that the subject should be studied. But there comes a time when studying will delay things a little too much. The subject has been studied for a long time. It was studied prior to the enactment of the Salary Act of 1962, and as a result we passed a 3-percent cost-of-living increase for civil service retirees. I do not believe that there is need for any further study. The time for action is now. Let us get the job done. The time for study may follow. There is plenty of time to do that. In the meantime, what will we do about people who are suffering from an increase in the cost of living? Perhaps the best answer to the whole problem is for Congress so to operate that we may preserve the purchasing power of our people's dollar. If we should do so, my amendment would be an insurance policy that would never have to be used. That is what I would rather see happen than anything else.

I still feel that at the rate we are going, we had better start doing something about the hardships which have been occurring by having a provision in respect to the cost-of-living increase put in the bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota [Mr. McGOVERN] is recognized.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Louisiana?

Mr. McGOVERN. If the Senator from Louisiana has only a few remarks that he wishes to make, I shall be happy to yield.

The PRESIDING OFFICER. The Chair recognizes the Senator from Louisiana.

Mr. LONG of Louisiana. The Senator from Rhode Island [Mr. PELL] offered a similar amendment. He agreed to withhold it on the basis that the subject should be studied because a number of things should be considered if the Senate wishes to move in that direction. We assured the Senator that we would take a look at the problem at the next opportunity which the committee might have to consider major proposed social security legislation.

The important point is that the Congress and the executive branch have striven to work together to resist inflation to the greatest possible extent. We should strive, as the President has striven, to keep down any undue increase in wages and try to relate wage increases to the increase in productivity. Our Government should not lead the way in creating an inflationary spiral. So the important thing, and the first thing that the Government ought to try to do, is to have fiscal and monetary policies that would prevent us from having inflation. That is the first thing we ought to do.

If we set an automatic increase in income for the people receiving social security when the cost of other items goes up, that could very well contribute to an inflationary spiral that keeps going up and up. Many people are on fixed income and will not get any automatic increase in income. Some people are living on incomes from stocks and bonds. People are living on incomes from annuities. Various people are living on all sorts of fixed income and they would suffer from inflation. People who have savings in savings banks and in various other investments from which they receive a certain amount of interest income would also suffer very heavily from inflation. People who have insurance policies with private insurance companies would suffer. They would not get more money because of inflation. They would be penalized by inflation. The amendment could contribute to inflation because it would be one more item to keep increasing the cost of everything that people buy by increasing the amount of money in circulation.

So those questions should be and must be considered. It is true that the Civil Service Retirement Act provided that pensioners would automatically receive an increase in their pensions when the cost of living went up. Having taken that action, the Federal Government, if it is to be responsible, would not extend that principle to everything else in Government. If we did that for the civil service retirees, the next move would be to say, "We shall do that for all people on the Federal payroll. They will all get an increase the moment the cost of living goes up."

That being the case, when one item went up, everything else would go up. Then we would have to agree that all those who are working for contractors who have contracts with the Federal Government would receive a cost-of-living increase. Fringe benefits would have to go up in all directions. That could be a step toward an ever-increasing inflationary cycle.

I know that the Senator does not want that to happen, just as the Senator from Louisiana wishes to avoid that result. It is a subject that we could study. It should be considered. But the Congress will have to use its best judgment as to ways to restrain inflation rather than to contribute to an inflationary spiral.

Upon that basis I hope that the Senate will not agree to the amendment, certainly not at the present time. We have not had an adequate opportunity to study it or to consider the proposal. It is an enormously important proposal. It is one that should not be agreed to on the floor of the Senate without study of the various ways in which the powers of the Federal Government might be used to restrain the inflationary spirals that might result. The last cost-of-living increase under social security was in 1958. In the bill we have provided an increase of 7 percent in benefits, in addition to the medical care benefits. So, in effect, we would be allowing for the increase in the cost of living that has occurred since 1958 in the bill that we have before the Senate. So, I point out that, to a considerable extent, between 1958 and 1962 the fact that the social security retirees were on a fixed income was a restraint, an impediment to inflation. If the amendment is agreed to, that no longer would be the case.

The proposal should be considered in the broad overall context of the responsibilities of our Government, and the Congress in particular, in restraining inflation and in protecting the purchasing power of the American currency. If we accept the amendment and then extend this principle to first one area of responsibility and then to another, our Government might be in the position of being irresponsible in not protecting the currency and, in effect, not honoring the obligations that it has made by taking the attitude that no matter how much inflation occurs, we shall automatically adjust all items of government to allow for it.

I sympathize with the purpose of the amendment, but I point out that Congress has not been completely derelict in this area. When the cost of living has gone up, Congress has acted to increase social security benefits and also has provided additional payments. In addition, the amendment would tend to deny the Government flexibility which would otherwise exist. In other words, whenever we would have a 3-percent inflation, which is the point at which the amendment would trigger a change, it might be that some beneficiaries would need help more than the oldsters might need assistance. It might be that instead of needing more help through cash benefits they might need more in terms of medical payments. Those are all subjects that the Congress could and should consider when it is ready to act on the question. It might be that we would prefer to permit people to earn more money and keep more of that money by increasing the amount allowed for such earning under social security. So all these matters should be considered in connection with the problem, if it arises, I suggest that the best answer to the problem is not by way of this amendment but for the Government to maintain constantly the purchasing power of its currency.

Mr. MILLER. The Senator suggests that the amendment, if adopted, might stimulate inflation, because it will be necessary to increase the social security pensions at sometime in the future, if there is continued inflation. But the same argument could be made about the present bill—even more so, because under the present bill there will be a 7-percent increase in social security taxes. I am suggesting that this be handled on a 3-percent basis. The need may be 2 years away; it may be only a year away. We hope the time will never come; but if it should, the increase would be on a 3-percent basis. I do not believe it is consistent to support a 7-percent increase now and then to deny a 3-percent increase later because a suggestion is made that a 3-percent increase might contribute to inflation.

Mr. LONG of Louisiana. Does the Senator's amendment provide for a reduction in social security payments in the event the cost of living goes down?

Mr. MILLER. No; but I would certainly agree to a modification, if the Senator from Louisiana thought that would be helpful. I shall be happy to modify the amendment. I shall have to ask unanimous consent, but I shall be happy to do that.

Mr. LONG of Louisiana. I might be even more opposed to the amendment if the Senator did that. That is one of the items that should be considered if we are to act in this matter at all.

Mr. MILLER. The Senator from Iowa has considered it. The reason why he has not included it in the amendment is that during the past 30 years there has been nothing but an increase in the cost of living. If there were a turndown in the cost of living, if the purchasing power of the dollar went up rather than down, Congress could then take action, because action would be needed to accomplish the purpose.

Mr. LONG of Louisiana. It could well be argued that if the cost of living went down, a deflationary spiral would be created that would tend to result in either a depression or a recession, and that instead of reducing benefits, they should be raised so as to put more money in circulation.

Many things could be said in connection with this proposal, but the floor of the Senate is not the place to raise this important issue, which has to do basically with the responsibility of the Government to maintain a stable purchasing power for the currency.

Mr. MILLER. Mr. President, will the Senator further yield?

Mr. LONG of Louisiana. I yield.

Mr. MILLER. The Senator said that now that we have taken such action for civil service retirees, we should do it for social security pensioners. The next thing, we shall be doing it for Government employees and Government contractors. But surely he knows that we have already done this. Congress has been increasing the salaries of Government employees in the past few years, ever since I came to the Senate. I am not saying that such increases were not needed. There is a feature of comparability with respect to industry which we passed for civil service employees in 1962. The Senator knows that wages and fringe benefits in private industry have been increased considerably. This is within the wage guideline policy of the administration.

Mr. LONG of Louisiana. There was once a program in which when the cost of living went up, the retirement benefits of civil service pensioners were increased. Now the civil service authorities want an automatic increase when the cost of living goes up. That will not cause them to make any lesser requests. We shall have to pass a bill next year to provide them with something extra in addition to the many cost-of-living increases. If we agree to the Senator's amendment, we shall still be passing a social security bill every year or two to provide some kind of increase in benefits to the social security beneficiaries, whether they get a cost-of-living increase or not.

That ought to be considered when we debate these bills. I cannot recall a Congress in recent years which has not considered a social security bill. It seems to me that at least once every 2 years—once every Congress—we have a social security bill for consideration. It used to be every other year; but in recent years, it has tended to be once every year.

Mr. MILLER. May I suggest that we try this amendment once and see what will happen? There has not been a cost-of-living increase under the social secuity system before; and, as the Senator says, we have a social security bill before us every year. Let us place the social security system on a cost-of-living basis. My guess is that it would not be necessary to have a social security bill every other year. The amendment might be a restraining influence upon social security increases.

At the same time, it would be fair to put people in a position where they were last year and the year before, so that they could meet the increases in the cost of living. I am not arguing for something that I think is overreaching.

Mr. LONG of Louisiana. As far back as I can recall, a social security bill has been considered every other year. I remember, when Dwight D. Eisenhower was running for President, that Harry Cain, a Senator from Washington, was the only Senator to vote against an increase in social security benefits. He ran in the same year that Eisenhower ran. The story goes that one of his colleagues said, "Harry, are you sure you wanted to vote that way?"

Senator Cain replied, "Yes; I am going to be reelected on these terms."

But Senator Cain was defeated in the year when Eisenhower carried the State of Washington by a landslide.

Subsequently there was another social security bill, and, as I recall only one or two Senators voted against it. One of them was Senator Goldwater. He had a deep conviction against it, and he also was defeated for office. Two Senators voted against it, and he was one of the two.

Senators find it to be almost a political death warrant to vote against a social security bill of major proportions. We tend to have a social security bill in every Congress, sometimes every year. This matter comes up time and again, and the cost of living is one factor that can be considered in connection with it.

The Senator and I can wait and see who is the better prognosticator. Whether the amendment shall be agreed to or not, there will be a social security bill in every Congress, so long as the Senator from Iowa and I serve in this body. It will increase the cost of the program every time.

Mr. MILLER. I do not wish to prolong the debate, and I appreciate the indulgence of the Senator from Rhode Island [Mr. PELL].

We have started, first of all, with what I think is fair. It is fair to give an increase to people who cannot roll with the punch of inflation. That is why there has been a socal security pension increase. The trouble lies in the time-lag between one increase and the next one. During that time people who rely heavily on social security pensions—and most of them do, because it is the main source of their income—are hurt. That is not fair.

I agree 100 percent with the statement of the Senator from Louisiana that the best way to handle this is by Congress so handling itself that the purchasing power of the dollar will be maintained. I agree to that. But Congress has not been doing it. Meantime, people are be-

ing hurt. Some social security pensioners have no bargaining power except their votes. Their votes are important. I do not believe that social security pensioners want to overreach. I know many of them. They all want to have their purchasing power restored to where it was 3 years ago. What good would it do to give them a 7-percent increase today if we do not put ourselves right from a monetary, fiscal standpoint, while they are asking for another 7-percent increase because of inflation?

The adoption of this amendment would have a salutary impact on Congress itself. The Senator talks about triggering inflation. It would trigger changes in the attitude of somt Senators who will come here 2 years from now with a proposal for a 3-percent increase in the cost-of-living social security pensions, the money for which will have to be appropriate from the general fund of the Treasury.

Mr. LONG of Louisiana. Mr. President, I believe that I have the floor.

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG of Louisiana. I have been yielding quite freely.

The burden of the argument of the Senator is that we are not increasing social security benefits fast enough. When the program went into effect in 1935, the report of the Committee on Finance estimated that in 1980, 15 years from now, the program would cost $3,500 million a year.

Let us see how we are doing. This year, the cash benefits are to be over $17 billion. In the next year, we shall pick up medical expense. For the next year, the cost is estimated to be almost $26 billion for the year 1967, and the cost is estimated to be $27 billion for the year 1968. The cost will be continually increasing.

For 1972, 8 years beyond the date that we are talking about, with the cost still increasing, under the pending bill the cost in 1972 is estimated to be about $34 billion. That would be 10 times as much as was projected when the Senate Committee on Finance brought the social security benefit program to the Senate back in 1935. The costs of living, it is true, have more than doubled since 1935.

Let us allow for that. We would still have five times what was anticipated when the program went into effect. We would still be getting a bill every year or every 2 years to increase the benefits. This will not be the last time that we increase social security benefits.

This is the biggest social security bill in history. The pending bill is almost twice as large in immediate benefits and what it would add to the program, as the original social security report would cost in the year 1980.

Mr. President, on that basis, I believe that we have a big enough bill. It is a tremendous bill. We have never passed a social security benefit bill as big as this bill in the history of the country. The burden of the argument of the Senator is that we are not passing enough bills, but that we should wait a while for the cost of living to go up before increasing the benefits. The record of this Congress and other Congresses not only allowed for the increase in the cost of living, but also provided for benefits on top of such an increase along with that, and wisely so.

The Senator now wants many automatic increases to the benefits while we would also be providing for additional benefits for our senior citizens—as we will undoubtedly do later.

If there was ever a case in which we thought enough about these people to provide for them, this would be the case. Some of the amendments would cost hundreds of millions of dollars. There is no telling what this amendment would cost. However, it is something that we should consider and study, but we should not try to do it in the pending bill.

It seems to me that we have accepted enough amendments that would increase the cost of the program.

These are increases in cost that we could expect. I hope that we do not wander off into the field of increases in costs which we cannot expect. However, Congress should study the proposal.

I yield to the Senator from Rhode Island.

Mr. PELL. Mr. President, there was a little colloquy earlier in the afternoon concerning an amendment which I offered which would have the same objective as the amendment offered by the Senator from Iowa.

I was very impressed with the thought of the junior Senator from Louisiana and the Senator from Florida that this was a matter that had not been studied in committee. I accepted with gratitude the assurance that it would be studied in the committee and that hearings would be held at an early date.

For that reason, I withdrew my amendment. I would now find it very difficult to know what position to take on the amendment of the Senator from Iowa, which is similar to mine. I believe that the Senator from Iowa is correct in saying that the increase in the cost of living, by 3 percent, would probably pay for the cost of this because the base on which the tax is levied would probably be increased in proportion. However, I am rather surprised, because the Senator from Iowa is much more of a New England conservative than I. I believe that my amendment is a little more conservative. I had a provision in my measure to provide that when it would not pay for itself, and there would be an actuarial deficit, the Secretary of Health, Education, and Welfare would be authorized to come to Congress for an increase in either the earnings base or the tax rate. Personally, I should prefer an increase in the earnings base rather than an increased tax rate.

I submit, since the Senate is the marketplace of ideas, that of these two amendments, perhaps my amendment, in which I have an author's pride, has an element of conservatism that would carry out the position or point made by the Senator from Iowa and that the Senator from Iowa would be willing to modify his amendment to take account of the fact that there might be a deficit.

It seems to me that the best approach would be to have a study made. I do not believe that there have been any recent studies on the subject. I believe that the best approach would be to offer a resolution authorizing the Committee on Finance and any duly authorized subcommittee thereof to make a study in depth and report back January 31, 1966. I have therefore prepared such a resolution.

AUTHORIZATION FOR A STUDY OF THE RELATIONSHIP BETWEEN THE SOCIAL SECURITY SYSTEM AND THE COST OF LIVING

Mr. President, I submit a resolution and ask that it be appropriately referred.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

The resolution (S. Res. 127) was referred to the Committee on Finance, as follows:

S. RES. 127

*Resolved,* That the Committee on Finance, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, to make a full and complete study and investigation with respect to the question as to how cost-of-living increases should be related to social security benefits so that such benefits will keep pace with such increases. In carrying out such study and investigation the committee or subcommittee shall determine (1) whether the rising earnings level that would accompany any increases in cost of living would be sufficient to finance the increased benefits, and (2) how much the social security tax or wage base should be increased to provide for such an increase in benefits if earnings levels remained static.

SEC. 2. The committee shall report its findings upon the study and investigation authorized by this resolution, together with its recommendations for such legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1966.

SEC. 3. For the purposes of this resolution the committee, through January 31, 1966, is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided,* That the minority is authorized at its discretion to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $2,100 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 4. Expenses of the committee, under this resolution, as may be necessary, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. PELL. Mr. President, I would welcome the cosponsorship of the Senator from Iowa.

Mr. MILLER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. MILLER. Mr. President, I have not had an opportunity to study the resolution. However, I shall do so. It may be that I can join the Senator on this measure. However, I point out to the Senator from Rhode Island that this

matter of study gives me a great deal of concern.

I introduced a bill which is exactly like the pending amendment, on March 8 of this year. I then introduced, on May 3 of this year, an amendment to the House-passed bill.

I have great regard for the actuaries in the Department of Health, Education, and Welfare and for the Treasury people. I see no reason that there should be any need for more study of the matter.

I believe that the Senator from Rhode Island said earlier this afternoon that there is a great deal of merit to the approach he uses for financing the increases under the amendment which he withdrew earlier. He said that whenever the Secretary determines that the applicable or foregoing provisions, namely, the 3-percent increase, will result in an actuarial deficit to the trust funds, he shall report the matter to the Congress with his recommendations for changes either in the tax schedules or the wage base, or both.

I believe that is a sensible approach. I have not used that approach. I have merely said that there is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, the money necessary to take care of these increases.

I would guess, however, that at the rate we are going, it would probably be about another 2 or 3 years before there would be the increase envisioned by the amendment.

Once that happened, Congress would be authorized to appropriate the money out of the general fund of the Treasury to cover the increase. However, there would be plenty of time between now and then to have the measure studied on an actuarial basis so that when that day arrived, we might have a change made in the law to cover an actuarial condition.

Why wait for another 2 or 3 years to do that? Why not do it now? There would be plenty of time later to figure out whether we want a change in the social security structure itself to finance it or whether we want to go along on the financing out the Treasury.

Mr. LONG of Louisiana. Mr. President, I believe I still have the floor. I simply would like to end my argument by quoting from a letter by the Department of Health, Education, and Welfare in a report on this amendment. The letter reads in part:

> The financing of the social security program contemplates that, if wages continue to rise more rapidly than the cost of living, as they have throughout the history of this country and as there is every reason to think they will continue to do, the law will be changed from time to time to keep benefit amounts up at least with cost-of-living changes; the contribution rates allow for such adjustments. There is much to be said for a provision that would automatically keep benefits in line with changing economic conditions; before such a change could be adopted, however, two problems would have to be resolved. First, we should study the effect which automatic cost-of-living increases for social security beneficiaries might have on the economy and on the Federal Government's flexibility in adopting and formulating appropriate fiscal policies for sound economic growth. Second, serious consideration should be given to how the application of this provision should differ as between people first coming on the rolls, those who have been on the rolls for only a short period, and those who have been on the rolls for some time. There is also the question of whether an automatic adjustment should take into account factors other than cost-of-living increases—for example, changes in earnings levels.
>
> We believe that the adoption of a program of automatic adjustment should be delayed until the implications that these considerations would have for such a program can be further analyzed and evaluated. We are studying these implications as part of our continuing study of the problems of keeping benefits in line with changes in the economy and of other aspects of the social security program which can be improved. With reference to the financing of an automatic adjustment of benefits, it is not necessary to provide for appropriations from general revenues, as amendment No. 141 does, because the social security contribution schedule in H.R. 6675 would cover the cost of such adjustment for many years into the future and, if the social security earnings base is raised from time to time, into the indefinite future. In the light of the foregoing considerations we recommend tht amendment No. 141 not be enacted.

That is the judgment of the Department. It recognized the problem. Yet the fact is—and it is indisputably correct—that this has been the whole trend of the social security program: That in the absence of the Senator's amendment, Congress will act to increase benefits, and act for those who are retired and are beyond their earning years. Congress always has done it, and will undoubtedly do it in the future.

Mr. MILLER. I recognize there is some applicability of the statement just read to the pending Miller amendment. However, the comment from the HEW people with respect to financing was not at all responsive to my approach. They were concerned, as the Senator will recall, with changes in the social security base.

My amendment has nothing to do with that. My amendment simply authorizes the appropriations to be made out of the general funds of the Treasury.

Although there is much merit in the approach of the Senator from Rhode Island, and I would have no strong feeling with respect to that method of financing as opposed to mine, my amendment will do something about it now, rather than wait for Congress to act later.

Mr. PELL. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. PELL. Then, the Senator would not want to cosponsor this resolution, because he would not want to go to a vote on his amendment, at the same time supporting the resolution for a study.

Mr. MILLER. Is the Senator offering the resolution as an amendment?

Mr. PELL. No. As proper parliamentary procedure, I believe one of the weaknesses in both of the proposals is that the matter has not been heard in committee. As a matter of appropriate procedure, it should be sent to the Finance Committee for hearing. I am sending the resolution into the hopper for that purpose. I welcome the Senator's support, but I do not see how he can vote for his amendment and the resolution.

Mr. MILLER. If the Senator will ask unanimous consent to have his resolution held at the desk for 24 hours, we can see how the vote on the amendment will turn out tomorrow. If the amendment is defeated, the Senator from Iowa, as well as many other of our colleagues, probably will be glad to join in the resolution.

Mr. PELL. I have already sent it to the desk. I would like to have it done now, because we know what the outcome of the vote will be tomorrow if the managers of the bill are opposed to it.

Mr. MILLER. There was a vote today which was very close. I wonder why the Senator from Rhode Island cannot get consent to have the resolution lie over until tomorrow, until other cosponsors can join in it. I have not read it, but my guess is that I know what the substance of it is. If the Senator does not want to do that, give me a few minutes to look it over now, and perhaps I would like to join in the resolution. I would have no qualms about joining in the resolution for a study, if the Senator from Rhode Island cannot wait until tomorrow, holding the view that the amendment will be defeated. If the amendment is not adopted I do not think holding the resolution at the desk is going to do any harm.

Mr. PELL. I think the Senator has expressed good judgment, so I shall be delighted to request that the resolution lie at the desk for 24 hours. As a custom, I do not ordinarily seek cosponsorship, but in view of the Senator's interest, I will ask the Parliamentarian to have the resolution left at the desk for 24 hours, at which time the disposition of the Senator's amendment will have taken place.

The PRESIDING OFFICER. Without objection, the resolution will lie at the desk as requested.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. MILLER. Mr. President, I yield myself 7 minutes. I send to the desk a modification of the pending amendment and ask that it be read.

The PRESIDING OFFICER (Mr. MONDALE in the chair). The yeas and nays have already been ordered on the Senator's amendment.

Mr. MILLER. I ask that the modification be read. I understand that the yeas and nays have been ordered, but I should like to have the modification read before I ask unanimous consent that the amendment be modified.

The PRESIDING OFFICER. The modification will be read.

The legislative clerk read as follows:

It is proposed to modify the amendment by striking the period at the end of line 3 on page 4 and by adding the following: "as a result of the first such increase of 3 per centum in monthly insurance benefits for one year only. As soon as the annual cost of the first such increase of 3 per centum in monthly insurance benefits is computed, the Secretary shall determine the increase in social security tax schedules or changes in the wage base, or both, necessary to finance such increase and report the same to the Congress."

Mr. MILLER. Mr. President, notwithstanding the fact that the yeas and nays have been ordered on the amendment, I ask unanimous consent that I be permitted so to modify my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment is so modified.

Mr. MILLER. Mr. President, I shall summarize what the amendment would accomplish. The amendment was discussed at length yesterday. I stated that the amendment provides for an automatic 3-percent increase in social security pensions whenever a 3-percent increase occurs in the retail price index. This, I might add, is in addition to the 7 percent provided by the bill. The base year against which the cost of living is measured is 1964. The reason is that the 7-percent increase proposed by the bill would take effect June 1, 1965. In other words, if the bill is enacted, there will be an automatic 7-percent increase in social security pensions. I am much in favor of this.

As I said yesterday, even with the 7-percent increase, social security pensioners will not be in as good a position from the standpoint of purchasing power as they were in 1958, due to the declining purchasing power of the dollar. However, I do not believe the bill goes far enough. It seems to me that we ought to provide for social security pensioners a cushion against the constantly increasing retail price index as a result of inflation.

Congres is responsible for the multi-million-dollar deficit spending which has provided the foundation for the inflation which has occurred. The arguments made against the amendment were as follows: First, that it would be inflationary. Mr. President, if we are going to worry about giving social security pensioners an increase because to do so would be inflationary, I suppose we had better eliminate the 7-percent increase provided for by the bill. If there were any inflation, it would be the 7 percent, not the 3 percent which my amendment would provide.

My amendment need never take effect if Congress were to practice fiscal integrity and stop the multi-billion-dollar spending and stop inflation. I hope that the 3-percent increase would never go into effect. However, if inflationary conditions continue, the social security pensioners are covered.

A second argument was made that we might as well extend the increased cost-of-living coverage to Federal employees. I point out that we have already done so. In 1962, we passed a comparability statute under which wages and salaries of Federal employees are scaled according to comparable jobs in private industry.

It was also suggested that we might extend this coverage to Government contracts. I point out that we are already doing it. Government contractors have to pay wage increases. The administration has already laid down the wage-price guidelines of about 3 percent a year.

A further point was made that perhaps we do not have a responsibility to increase these pensions automatically. I believe that we have. The Federal Government has a responsibility to its employees. In 1962, the Senate voted for the Federal Salary Act, which provides that civil service retirees will receive an automatic 3-percent increase in their pensions every time there is a 3-percent increase in the cost-of-living index.

My amendment is modeled exactly after the Federal Salary Act of 1962. We have a responsibility to social security pensioners. They must look to the Federal Government for their pensions. This is quite a different thing from private pension funds, with relation to which the suggestion was made that we might also have an obligation.

Congress is basically responsible for inflation. If, as a result of the action taken by Congress, social security pensioners are squeezed out, we have an obligation to them. It would not satisfy the obligation if we were to propose a pension increase every 2 or 3 years, such as the 7-percent increase this year. In the meantime, pensioners are squeezed by the reduced purchasing power of their dollars.

Under my proposed amendment, pensioners would be able to roll with the punch of inflation. A 3-percent increase in the retail price index would mean a 3-percent increase in their social security pension.

I believe that it is a humanitarian amendment. Most of the pensioners must rely upon their social security pensions in order to make ends meet.

This is recognized by the fact that we are providing for a 7-percent increase in order to help them catch up somewhat with the inflation that has occurred. We are providing for that in this bill. However, why must we wait and come here 2 or 3 or 4 years from now and go into another round of pension increases? Let us do it on an automatic basis with a 3-percent increase whenever the retail price index increases.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SMATHERS. Mr. President, I yield 3 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 3 minutes.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

The PRESIDING OFFICER. Who yields time?

Mr. SMATHERS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. SMATHERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator cannot do that other than by unanimous consent.

Mr. SMATHERS. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum with the time for the quorum call being charged to neither side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMATHERS. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Florida is recognized for 1 minute.

Mr. SMATHERS. Mr. President, I should hope that the Senate would reject the amendment of the able Senator from Iowa. His amendment is identical to the amendment offered on yesterday by the very distinguished junior Senator from Rhode Island.

We prevailed on the junior Senator from Rhode Island to introduce, instead of his amendment, a resolution calling for a study which would be referred to the Committee on Finance. In the Committee on Finance we could look into the matter of fixed 3-percent increases or decreases relating to our cost of living.

I do not believe that if we were to adopt this amendment we would be doing anything but great injury to the public and, in my opinion, to our economy. Once we experience inflation and the cost of living begins to increase, we would have an automatic 3-percent increase in the social security payments every year. We would be like Argentina or Brazil. This is a complicated matter. It requires study.

I hope that the Senate will reject the amendment.

Mr. MILLER. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 1 minute.

Mr. MILLER. Mr. President, there was debate on yesterday as to the proposal for study. There is not a Senator on the floor who does not realize that when it is suggested that a matter be studied, the suggestion is an excellent means by which to get rid of the measure.

This problem was studied prior to 1962 for our civil service retirees. It was studied very thoroughly. As a result, Congress decided that our civil service retirees should have 3 percent increases in their pensions every time there was a 3-percent increase in the cost of living.

There is no need to study this measure. As far as financing the measure is concerned, my amendment would provide for that also.

Mr. President, if the Senator from Florida is willing, I should be happy to yield back the remainder of my time.

Mr. SMATHERS. Mr. President, I have no time remaining. I do not believe that the Senator from Iowa has any time remaining.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment offered by the Senator from Iowa. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Michigan [Mr. HART], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Wyoming [Mr. MCGEE], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD] is necessarily absent.

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH] and the Senator from Pennsylvania [Mr. CLARK] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Virginia would vote "nay," and the Senator from Nebraska would vote "yea."

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from California [Mr. MURPHY]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from California would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from Colorado [Mr. DOMINICK], the Senator from California [Mr. MURPHY], the Senator from Kansas [Mr. PEARSON], and the Senator from Pennsylvania [Mr. SCOTT] are detained on official business.

On this vote, the Senator from Colorado [Mr. DOMINICK] is paired with the

Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Pennsylvania would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Virginia would vote "nay."

On this vote, the Senator from California [Mr. MURPHY] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from California would vote "yea," and the Senator from Wyoming would vote "nay."

The result was announced—yeas 21, nays 64, as follows:

[No. 166 Leg.]

YEAS—21

| | | |
|---|---|---|
| Aiken | Harris | Pell |
| Allott | Hickenlooper | Prouty |
| Cooper | Jordan, Idaho | Proxmire |
| Curtis | Kuchel | Russell, S.C. |
| Fannin | Miller | Smith |
| Fong | Mundt | Thurmond |
| Gruening | Pastore | Tower |

NAYS—64

| | | |
|---|---|---|
| Anderson | Holland | Muskie |
| Bartlett | Inouye | Nelson |
| Bass | Jackson | Neuberger |
| Bayh | Javits | Randolph |
| Bennett | Jordan, N.C. | Ribicoff |
| Bible | Kennedy, Mass. | Robertson |
| Boggs | Kennedy, N.Y. | Russell, Ga. |
| Brewster | Lausche | Saltonstall |
| Burdick | Long, Mo. | Simpson |
| Byrd, W. Va. | Long, La. | Smathers |
| Cannon | Magnuson | Sparkman |
| Case | Mansfield | Stennis |
| Dodd | McCarthy | Symington |
| Douglas | McGovern | Talmadge |
| Eastland | McIntyre | Tydings |
| Ellender | Metcalf | Williams, N.J. |
| Ervin | Mondale | Williams, Del. |
| Fulbright | Monroney | Yarborough |
| Gore | Montoya | Young, N. Dak. |
| Hartke | Morse | Young, Ohio |
| Hayden | Morton | |
| Hill | Moss | |

NOT VOTING—15

| | | |
|---|---|---|
| Byrd, Va. | Dirksen | McGee |
| Carlson | Dominick | McNamara |
| Church | Hart | Murphy |
| Clark | Hruska | Pearson |
| Cotton | McClellan | Scott |

So Mr. MILLER'S amendment was rejected.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, I shall oppose the enactment of H.R. 6675. This is the social security bill that includes medicare. In this bill there is a hospital insurance program which has been known as the King-Anderson bill and is referred to as part A. Also, a supplementary medical insurance program has been added which is referred to as part B.

This bill provides for an increase of social security benefits in addition to the medicare portions of the bill. Were the medicare provisions to be deleted, I would vote for the increase in social security benefits. I am particularly anxious to support a bill which would carry a substantial increase for those beneficiares who are drawing the smallest amounts. However, I cannot support the medicare provisions. My opposition to the bill is because of its medicare provisions and is in no sense opposition to increased benefits, which I favor.

Mr. President, when we add medicare or any other new program to social security, we are legislating for a program that will run in perpetuity. May I illustrate this? It would not be possible to add medicare to social security and provide that the program expire at the end of 10 years, so that at the end of 10 years Congress might decide what kind of program they wish. The individuals who are 55 years of age now would object to a program under which their social security taxes would be raised for 10 years and then have that program expire the date they become eligible for benefits. So would it be with any other termination date that might be selected. This means that when we add a program to our social security program we are legislating for all time to come. The voters, many years from now, will not have the opportunity to make vital decisions on how much they should spend for welfare programs because those decisions are being made now. The far-reaching effect of our decision is such that I cannot vote for the bill. I am satisfied that this proposal is not fair, either to our elder citizens who will receive medical benefits or to our present and future workers who will have to pay the bill.

There is a problem concerning proper medical care for our citizens over 65. The proponents of the bill before us, in my opinion, have neither accurately defined that problem nor have they provided the best solution.

Just what is the problem?

We do not need a government system of medicine or a government medical insurance program to improve the quality of medical care in the United States. We have the finest medical care in the whole world.

Mr. President, a generation ago young doctors and medical students journeyed to Europe—to Berlin, Vienna, London, or Rome—for the best in medical education. All of those countries had some form of government medicine. No longer do the doctors and medical students journey to Europe for the finest medical education. Doctors and medical students from all over the world come to the United States, because here, under the free practice of medicine, we have the finest medicine and the finest medical education of any place in the whole world.

Again I say we do not need a program to improve medical care in this country. The problem is that some of our citizens over 65 do not have the income or resources to avail themselves of all the medical care they should have. This is the problem, to wit: to provide medical care for those who cannot provided it for themselves. Here the problem ends.

It is not socialism for us to be charitable. We should provide medical care for individuals over 65 who have neither the income nor the resources to provide such care for themselves. In determining who needs assistance to secure medical care I want my government to be generous.

I do not believe that recipients of medical care should be required to be paupers or be required to exhaust all of their savings or sell their homes. I do think that some reasonable income limitation should govern. Again I say that to be charitable is not socialism. However, to pay the medical bills and hospital bills of individuals over 65 who are well able to provide the same for themselves is not charity. It is not needed. It is socialism. It moves the country in a direction which is not good for anyone, whether they be young or old. It charts a course from which there will be no turning back.

Under the pending bill, an individual may be worth millions of dollars and have the highest income in his life, and he need not even be retired, but if he is 65 years of age, his hospital bills and his expenses for doctors and surgeons, within the limits of the bill, will be paid. Is there any need for that? Why throw money away like that? Is it fair to the individual who is working hard and supporting a family and buying a home and educating his children, buying life insurance and paying his own medical bills, that his social security taxes be increased to pay the bills of an individual many times more able to pay them?

I know why that provision is in the bill. It is not in the bill by reason of anyone's concern for these people. It is in the bill as a matter of social reform, to have the Government go into fields where it is not needed, to hasten the day when this medical program, if enacted, will take care of everyone from the cradle to the grave. Let no one be misled by it.

The principal objection to this bill is that it will require the taxing of all the employers, the self-employed, and the employees, which includes the young and the middle aged, the low-income groups, the blind, the physically handicapped and those who have heavy family burdens. These people will be taxed to pay doctor bills and hospital bills for many who are better able to pay their own bills, including the well-to-do and the wealthy. This is wrong.

Even if this proposed program were amended to eliminate the requirement that the medical and hospital bills of the well-to-do and the wealthy be paid, the bill still would not be a good one. The enactment of this legislation is to turn our back upon private enterprise. There are ways that assistance for medical expenses can be extended to those who ought to have help without following the pattern set forth is this bill. I will have more to say on the subject of an alternative plan as the consideration of this bill progresses.

There has been printed and is on the desk of every Senator, a copy of my motion to recommit. In substance, it would take all matters pertaining to medicare, in part A and part B, out of the bill, immediately pass the remaining portions, and then, by March 15, bring in an alternative plan.

My alternative plan is a well-established plan, a proven plan. I would extend the plan that is now in operation for retired Federal civil service employees under the Federal Employees Health Benefits Act of 1959, to all our aged, and require an individual to pay the entire premium, except that those people over 65 who are unable to pay the premium

would have it paid by the Government in varying amounts.

That is the private enterprise approach. It would not call for the setting up of two Government insurance programs, which the pending bill does. Private enterprise would write the insurance. Private enterprise would carry the risk. Private enterprise would collect the premiums. Private enterprise would pay the benefits. It would provide better benefits than are found in the bill.

The whole world knows that the program for the Federal employees is a just and generous one. Why is it that an individual sometimes has difficulty in getting adequate private hospital and medical insurance for himself? It is usually the individual who does not belong to a large group that is a continuing group. That is the reason. Even though I hope that at least half of our citizens, if this proposal were to be enacted, would pay their own premiums, they would have the great advantage of being included in a large continuing group, so that the averaging process of sharing the burden of medical expenses would actually work.

Mr. President, the measure before the Senate, H.R. 6675, would set up two Government insurance programs. The King-Anderson portion of the legislation relates primarily to hospital care and it adds a hospital insurance program to our social security program. The Government is the insurer. The Government carries the risk. And the Government pays the benefits.

The supplementary medical insurance portion of this bill relates to the payment of the fees of doctors and surgeons. This, too, sets up a Government insurance program. The Government is the insurer. The Government takes the risk. The Government collects the so-called premiums. The Government pays the benefits. The benefits are available to all over 65 including those individuals who are well able to provide for themselves.

Mr. President, it is not necessary that we plung headlong into socialism to be just, generous, and kind to the people who are over 65 who ought to have some help for their medical needs.

This supplementary medical benefits program not only puts the Government in another insurance program but one-half of the premium is a direct Government subsidy. This subsidy is not limited to the people who for economic reasons ought to have it, but is a subsidy for everyone. It is not only socialism—it is brazen socialism.

Social security taxes are going to increase rapidly without medicare added to the program. With medicare added, there will be a tremendous increase in social security taxes. The social security tax both for the present program and what is proposed in this bill is very burdensome for individuals with low earnings. This is because their entire income is taxed. There are no deductions or exemptions allowed. The wage base, which is now $4,800, is raised to $6,600 in H.R. 6675 and this places a heavy burden on the individuals in the middle and higher income brackets as well.

When social security started 30 years ago, the maximum tax that either an employee or an employer could pay was $30 per year. If this bill is enacted as reported out by the Finance Committee, the maximum employee tax for the calendar year 1966 will be $275.55, and a similar amount would have to be paid by the employer.

In other words, for every employee the maximum tax will be over $750, half from the employer and half from the employee. The maximum social security tax on the self-employed in 1966 will be $404.25. As time goes on, these taxes will increase without any additional legislation. By 1973, which is not far off, the maximum tax on an employee will be $363, with a similar amount on the employer—in other words, $726, half on the employee and half on the employer—and the maximum tax on a self-employed person will be $501. By 1987, without any increase over the present bill, the maximum employee tax will be $379.50 and for the self-employed $518.10. Can you Senators imagine that the originators of social security could have anticipated that some 30-odd years later individual citizens would be paying nearly $59 per month for social security taxes? That is where we are headed.

We can illustrate the cost of what is being done today in another way. I would like to quote from the testimony taken during the hearings:

Senator CURTIS. Briefly, it shows this, does it not, that in 1964 the amount of benefits paid out was about $16.223 billion, isn't that right?

Mr. MYERS. That is correct, Senator CURTIS.

Incidentally, Mr. Myers is the chief actuary of the Social Security Administration.

Continuing to read:

Senator CURTIS. It will take a while to get this program in motion, so the first full year that this bill will operate, so far as benefits are concerned, is calendar 1967.

Mr. MYERS. That is correct.

Senator CURTIS. And you estimate there that the benefits paid out in 1967 will be $24.498 billion?

Mr. MYERS. Yes, Senator CURTIS.

Senator CURTIS. So if this bill is passed, the amount paid out in social security benefits which were old-age and survivor and disability in 1964 and which for 1967 will include those plus the hospital insurance and the supplementary health benefits will be increased roughly by a little over $8 billion.

Mr. MYERS. There would be an increase from 1964 under the present program, and the new program as envisaged by the bill in full operation in 1967.

In other words, we have before the Senate a bill that immediately is a $8 billion bill measured in annual cost. We are experiencing a time when the cost of living is steadily rising. Few people doubt that inflation will continue to plague us. The payroll tax which supports social security will be fully needed to adequately provide social security benefits, without medicare. Raises in benefits will be needed in the future. We should not turn to social security taxes to finance medicare or other programs. This point was clearly emphasized by the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL] when he testified before the Committee on Finance. The Senator said:

Just as today we recognize that some adjustments in social security benefits is in order to keep pace with rising living costs, so, inevitably the day will come when the Congress will decide that a further adjustment upward is called for. If H.R. 6675 is enacted, for the first time we will be linking to the social security system a service benefit as opposed to a cash benefit. That is, we will be providing payment for a service such as hospitalization, regardless of what that service may cost; that is something quite different from providing for the payment of a specified amount of dollars at some future date. We must recognize that this will place a strain on the system. A future Congress may not be able to provide increased cash benefits under the social security program because so much revenue from the payroll tax will be going into medical care.

Senator SALTONSTALL continued and included a quotation from the distinguished chairman of the Ways and Means Committee. Senator SALTONSTALL said:

In December of last year, Chairman MILLS raised other important questions which relate specifically to the problem at hand and are worth recalling. He said:

"We must remember that the primary needs of our senior citizens are for adequate cash benefits. The amount must be sufficient to produce a dignified standard of living when added to other spendable assets characteristic of the aged. Further, the amount must be raised periodically to keep in step with decreasing purchasing power of the dollar. A payroll tax to pay for health benefits, as I have stated before, should not be added to or harnessed with one to pay for cash benefits. Health expenses are less predictable and they are rising considerably faster. Within a tight coupling, the cash benefit would, in all probability, be compromised and the danger increased of stressing health care at the expense of the root factors of food, shelter, and clothing."

We must look at the social security program as it actually exists. It is not a program of prepaid insurance. It is not a program in which the benefits one receives are the result of his own payments and the interest accumulation thereon. The program would come to a halt for present beneficiaries if it were not for the taxes being collected now from the workers, the employers, and the self-employed. Even though this program is 30 years old, it is only 10 percent contributory. This is not my theorizing. I wish to quote from the hearings:

Senator CURTIS. Here is my first question, and no doubt Mr. Myers will be the one to answer it. This relates to the OASI existing law only, not the disability, and I confine my question to those beneficiaries now on the rolls. What portion of the benefits that they have already received, plus the expected benefits that they will receive have they or their primary beneficiaries paid for?

Mr. President, an astonishing but an honest answer was given—not astonishing as coming from Mr. Myers, because he is one of our best civil servants; but astonishing concerning a program that so many believe is prepaid:

Mr. MYERS. Senator CURTIS, of course as you realize the amount that has been paid by the employer and the employee varies widely for individual cases. Some have paid extremely little, and some have paid somewhat more, but on the average I believe about 10 percent of the actuarial value of the benefits that have been received or may be expected to be received in the future by those on the rolls are represented by the combined employer-employee taxes.

Senator CURTIS. Now, about 10 percent of what our present beneficiaries have received and are expected to receive in the balance of their days has been paid by the employer and the employee both.

Mr. MYERS. Yes, Senator CURTIS.

There are many things about social security for retirement purposes that need further attention before we add a program of medicare, which includes medicare for people well able to pay for it themselves. For instance, a great many fine, elderly people now draw only $40 a month which will be increased to $44 under the provisions of the bill. These are the people most in need. The social security planners have contended that the individual pays for his own benefits. This erroneous contention has resulted in a system wherein the highest benefit goes to those most able to provide for their old age and the lowest benefit goes to those who have the greatest need and who had the least opportunity to provide for their own old age. Of all the benefits that are now being paid, and that will be paid during the lifetime of present beneficiaries, 90 cents of every dollar has been paid by others. Greater justice should be done for those receiving the very low social security checks before we embark on two new insurance programs relating to medical care, as this bill does.

We will soon have 20 million individuals in the United States who are over 65. None of them has paid anything in the form of taxes or premiums of any kind for medicare. Not one nickel. The entire burden of the medicare program for the present aged will have to be borne by others. There will be some who will be receiving medical benefits who are far more able to pay their own medical and hospital bills than the people who will be paying the taxes.

The table which follows shows the estimated dollar expenditures under social security for the years 1966–72. The first column shows what the social security expenditures are expected to be if no legislation is passed. The second column indicates what social security expenditures are estimated to be if the present bill is passed but does not include either of the two medicare programs. The third column shows the expected expenditures if the bill is passed with the medicare provisions. This table was prepared by the Chief Actuary of the Social Security Administration.

Mr. President, I ask unanimous consent that the table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

| Calendar year | Present law | Senate Finance Committee bill | |
|---|---|---|---|
| | | Without health insurance | With health insurance |
| 1966 | $18,363 | $21,033 | $22,288 |
| 1967 | 19,220 | 22,169 | 25,683 |
| 1968 | 20,061 | 23,150 | 27,181 |
| 1969 | 20,888 | 24,117 | 28,443 |
| 1970 | 21,717 | 25,086 | 29,738 |
| 1971 | 22,549 | 26,064 | 31,021 |
| 1972 | 23,377 | 27,046 | 32,322 |

Mr. CURTIS. Mr. President, never in the history of social security has a projected schedule of tax rates and expenditures been carried out without subsequent increases. It is not unrealistic to expect that the amounts represented in the foregoing table will be substantially raised a time or two before 1972.

The foregoing table shows, for instance, that when these two medicare programs get started next year they would cost $1.2 billion. Three years later, by 1969, medicare alone would cost $4.3 billion. Three years later, by 1972, medicare would cost $5.3 billion. If this program were to follow the historical pattern, additional increases would be voted about every 2 years from now on.

Mr. President, I again remind the Senate that I shall offer an alternative proposal, under private enterprise, by which a better program could be reached which would save at least $2.5 billion annually. Some people believe that the Federal Government can transact business better than private industry. I wish those people would join the Post Office Department and use their talents to help us get our mail.

Any notion that social security taxes are not an impact upon our economy and upon our individual citizens, as are other taxes, is erroneous. Wages and income taken to pay social security taxes are not spent for other things. They are a drain upon our economy and upon every individual taxpayer, as are our other forms of taxes.

One does not have to be a prophet to recognize that inflation and the ever-increasing cost of living are the cruelest and most difficult problems facing retired people. For more than 5 years this Government has run a deficit of over $5 billion a year. The debt ceiling is at an all-time high—$328 billion. The unfunded liability, or deficiency in Government contribution, of the civil service retirement fund on June 30, 1963, was $36 billion. The comparable liability of the Foreign Service retirement fund as of December 31, 1962, was $203 million.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. LAUSCHE. Mr. President, I should like to interpolate that with regard to the Foreign Service retirement fund, even though the Government paid the $203 million, the amount of contributions that would be required to keep the fund actuarially sound in the future would have to be 30 percent under nomal circumstances—15 percent by the Foreign Service worker and 15 percent by the Government.

Thus, if a man were earning $10,000 a year, he would have to pay $1,500 into that fund in order to keep it sound. It is now suggested that the Government pay 22.5 percent and the worker pay 7.5 percent. When we view the matter from that standpoint, we find that the Government, with relation to a a $10,000 annual salary, would have to pay $2,250 into the fund to keep it actuarially sound.

Mr. CURTIS. Mr. President, I thank the distinguished Senator from Ohio. In view of circumstances such as those related by the distinguished Senator, is this the time to provide for free hospital and medical benefits for those who are well able to pay for them?

This country cries out for leadership that would save us from inflation and ever-increasing debts and obligations of the Government. Today, a program is being advanced which would propose to take care of matters that many individuals are well able to take care of for themselves.

Mr. President, the unfunded liability of military retired pay as of 1965 was computed as $61.1 billion. Yet in the face of all of these burdens, it is proposed that we start two new Government insurance ventures relating to medical assistance.

I am not so sure that honesty is not on the side of the individual who wants to place the money of the people in private insurance companies, as contrasted with the desire and demand for increasing taxes and building up a bureaucracy to handle a program with which they have never had any experience.

This bill would tax people who cannot afford to be further taxed and it would burden a Government that cannot afford to be further burdened in order to provide benefits for individuals many of whom are well able to provide for themselves. This is the basic issue.

Mr. President, I shall have more to say about this bill as the debate proceeds. This bill ought to be amended so that by means of a deductible, or otherwise, its benefits would not go to people who are well able to pay their own medical expenses.

Mr. President, I shall offer such an amendment. My amendment has already been printed and is on the desks of Senators. I hope that the amendment will not be voted upon today. I shall have an analysis and an explanation of that amendment for every Senator. The analysis shows that everyone whose income falls in the lower 80 percent bracket would not be affected by it. However, the amendment would adequately take out of the program those people who are well able to pay for such care themselves. It is said that the amendment would not constitute much of a saving. It would amount to almost a half billion dollars a year according to the statement of the actuary of the Social Security Administration. The amendment woud preserve an important principle—the principle that we shall not force a Government system of medicine on people when it is not needed. The amendment would be a safeguard against extending this measure to everyone regardless of age.

Let no one pass it off as being of no significance. Some may disagree with the principle. Some may wish to have a bill which would pay for the medical bills of an individual with unlimited capital assets and high income, an individual who is not even retired. If that is the case, they have, in the pending bill, a measure which would do that. However, I shall offer an amendment which, I believe, would be easily administered and would reach that very issue.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. LAUSCHE. Mr. President, the Senator has mentioned that he contemplates the offering of an amendment. Does the Senator intend by that amendment to eliminate all provisions dealing with medicare?

Mr. CURTIS. No. I am not referring to my motion to recommit. There would be a rollcall. I refer to an amendment which, by means of a deductible, would eliminate the payment of hospital and medical bills for the individual of over 65 who is well able to pay such bills himself.

Mr. LAUSCHE. Mr. President, does the Senator contemplate imposing upon the individual the responsibility of fully or substantially exhausting his own assets?

Mr. CURTIS. Not at all.

Mr. LAUSCHE. Does the Senator intend to protect the individual?

Mr. CURTIS. It would be accomplished by means of an income test. It would be a generous provision. It would not, by any stretch of the imagination, call for anyone to exhaust their savings or sell their home.

It will mean that if their income is over a certain amount, that the income tax liability is going to be the yardstick. When the time comes, I shall explain why I use it as the yardstick. Eighty per cent of our people will not be affected; it will affect 20 per cent, and it ought to.

Mr. LAUSCHE. And the 20 percent are in the classification of ample income?

Mr. CURTIS. That is the opinion of the junior Senator from Nebraska.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. BENNETT. I have in my hand the Senator's amendment No. 330, with the title "Alternate Variable Deductibles Under Parts A and B Related to Income Tax Liability." Is that the amendment to which the Senator is referring?

Mr. CURTIS. It is.

Mr. BENNETT. So I would say to the Senator from Ohio than he can see on his desk amendment No. 330 and get the details of the amendment the Senator from Nebraska is discussing.

Mr. CURTIS. I thank the Senator.

The American people are used to the idea of a deductible. It has some connection with automobile insurance, involving policies which contain $100 deductible items, which means that the automobile owner pays the first $100 and the insurance company pays the remainder. Or a holder may have a $250 deductible insurance policy. That principle could well apply in this program.

In the hospital section of the bill there is provided a $40 deductible. It may increase in the future, but as of now it is $40. My proposal provides that there shall be a $40 deductible or last year's income tax, whichever is higher.

I shall have a table prepared to show each Senator how it would work out before the vote on the amendment tomorrow. I will have figures from actuaries showing how many people do not pay any income tax at all; and therefore their benefits would not be affected. I will have figures from the actuaries showing how this proposal would save us from $420 to $480 million every year.

I shall continue and mention some other amendments.

An amendment should be adopted which would limit the direct subsidy for the premiums on the supplemental health benefits to those who need the subsidy.

Part B is a program called supplemental health medical benefits. It was born overnight. The country has never had an opportunity to look at it and debate it. It provides, in substance, that every individual over 65 can send in a $3 premium in order to buy protection against expenses of doctors and surgeons and other related items. Then it provides that out of the general Treasury there shall be paid an additional $3. For individuals in need? Not at all. For everybody.

Here we are departing from the private enterprise road that made us so great and strong. Not only are we establishing a new insurance program called "supplemental medical health benefits," but the so-called premium is subsidized out of the Treasury by the same Government that has not balanced its budget in a long time, by the same Government that would raise the debt limit this year.

We are not doing something for the people today, or this week, if we pass the bill. We are doing something to the people. I am not going to have a part in it. I am not going to let the children of this country point a finger at me and say I led a parade either in committee or on the floor to vote for two socialized insurance programs and robbed the payroll tax to pay benefits to our aged and started a program that will run in perpetuity, that children 50 or 100 years from now will have no choice about. They will either have to pay the obligation or refuse to pay it. Either alternative is bad.

The Senate can best meet its responsibility by striking the medicare provisions from the bill and directing the committee to bring to the Senate at a later time a proposal which, under our private enterprise system, meets the problem we face, to wit, assisting with the medical expenses of those elder citizens who ought to be assisted. This can be done.

As I said a while ago, this program would be patterned after the program for our retired Federal civil service employees under the 1959 act. The benefits are generous. The problem in private health insurance is that an individual finds it difficult to buy insurance within a cost that he would like unless he belongs to a big group, a continuing group. What we would do for our citizens is what we are doing for our retired civil service people now. We would let them in on the same program. As to those who could not pay for it it at all, the Government would pay the premium. As to those who could pay a part of it, the Government would pay a part of it. As to those who could pay their own premium—and the cost would be a bargain because it would be such a big group—they would pay for it, and not the Government.

It would give greater benefits to our people. Private enterprise would write the risk. Private enterprise would take the risk. Private enterprise would collect the premiums. Private enterprise would pay the benefits. Private enterprise would administer the program.

Under this proposed program, the biggest confession of failure one can imagine is in the bill itself, and that is that they are not relying on the advice of the medical association or doctors collectively to make the program work. Who are more qualified on the issue of illness than the doctors? Yet for years, as the drive has been on to socialize medicine in America, what have those who have advocated that program done? They have downgraded the medical profession or associations. Just as there are a few scoundrels in politics, there are a few doctors who may not have done what they should have in their practice. But who are the doctors of the country? Who constitute the medical associations?

They include our family doctor. They include my family doctor. They include everyone's family doctor. I believe that they represent today a noble profession. All of us have witnessed the many times when they have gone beyond the last mile in caring for their fellow man. Yet, they have been downgraded and criticized because that was a necessary step in order to socialize the country.

Mr. President, the insurance industry has a remarkable record. The idea of private insurance is an American idea.

It was Benjamin Franklin, acknowledging that America had obtained the concept of fire insurance and other kinds of insurance from England, who said, "Why should we not insure a man's most valuable possession, his life?"

The oldest life insurance company in the United States is a company organized to help Presbyterian ministers. That company is still in existence today.

The insurance industry has made great progress in offering private insurance to the American people. Some policies have been disappointing because medical costs have been going up so high, and policies on hospital insurance which were written some years ago turn out today to be a disappointment. That does not detract from the fact that although those policies are all right but are the less benefit than people expected, there are millions of goods policies in existence. After all, we are dealing with an industry which stands out in America.

What was the industry, during the time of depression, which meant so much to so many households because of its financial stability? Is was the insurance industry. Millions of Americans obtained loans or received cash benefits on insurance. Many of those same companies are now attacking the problem. Great progress has been made. We use the private insurance company to take care of the retirement of our civil service workers. We should use it here.

Mr. President, the choice is clear. Some time in the march of socialism we shall find ourselves closer to the other shore than the side from which we started.

This country began under the great private enterprise system. If the propo-

nents of the bill plead for the elderly who need help in paying their medical expenses, my answer to them is, Amend the bill so as to limit it to that.

If we wish a program to provide benefits for those who do not need it, we are offering a program of socialism, pure and simple. It is not public welfare. It is not charity. It is not kindness. It is socialism.

Socialism is not the answer to anything.

Mr. President, to enact H.R. 6675 is not the best way to meet the problem of the medical expenses of our elderly people. It is grossly unfair to the individuals who will have to pay the bill. It is wrong in principle. It starts something which cannot be stopped. It should never be accepted or used as a vehicle to raise the cash benefits to our elderly people. Another bill can be and should be passed to raise the ordinary social security benefits, particularly for the people who are receiving the lowest amount.

Mr. President, as I have stated, I shall have more to say concerning the bill as debate progresses, and I shall offer several amendments.

Mr. BENNETT. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. I am happy to yield to my distinguished colleague, the Senator from Utah.

Mr. BENNETT. As one of the minority members of the Finance Committee who voted with the distinguished Senator from Nebraska on these problems in committee, I commend him for what has been a historic presentation of the alternatives in this situation, as well as the dangers.

I would be proud to associate myself with all that he has said rather than to try, in my own weak way, to repeat them.

Mr. CURTIS. I thank the Senator from Utah.

Mr. SIMPSON. Mr. President, after reviewing H.R. 6675 as reported to the Senate by the Finance Committee, I was both encouraged and discouraged by the proposed amendments to our social security laws.

Several of the suggested changes in our social security program are well reasoned out and I support them wholeheartedly. One such amendment would increase social security benefits by 7 percent to all beneficiaries with a $4 minimum increase for a worker who retired at age 65 or older.

Another amendment I have been particularly interested in that has been recommended by the Senate Finance Committee will increase the amount an individual is permitted to earn without losing benefits. With the rising cost of living and the inflation that we are experiencing, it would be unrealistic to tie our older citizens to the limits that at one time, but no longer, are reasonable. A social security beneficiary under age 72 will be permitted to earn $1,800 in a year without any reduction in his benefit amount. If his earnings exceed $1,800, $1 in benefits would be withheld for each $2 of earnings between $1,800 and $3,000 and for each $1 of earnings thereafter.

Many of my Wyoming friends have urged me to support an amendment which would extend social security benefits to age 22 for those children attending school who, under the present law, receive benefits because of the tragic loss of their supporting parent. I think this is a good amendment and am pleased to support it.

I am also pleased to note that the committee is recommending the adoption of an amendment which would limit the duplication of disability benefits and those under workmen's compensation.

I am encouraged when I see these amendments presented because the need has been shown and responded to with responsible and intelligent efforts.

However, I am discouraged when I study the amendments which are being put forth as a solution to the problem we are confronted with in giving medical aid and attention to our older citizens.

I am well aware of the need of some of our older citizens. Government assistance to meet the cost of adequate medical care and treatment for them is necessary and I have supported, and will continue to support, legislation which will meet this need. However, no evidence has been presented which would indicate that the suggestion put forward will meet the real need. In fact, the evidence suggests that this is a gigantic proposal that will increase our social security taxes to 11.5 percent of a person's wages; cost about $7 billion per year; give some assistance to many, rich and poor alike, and yet not really meet all the needs of those who are in desperate need of financial assistance.

I oppose any legislation which would derive its financing from a compulsory tax on the first dollars of wages earned by the Nation's working men and women to pay the hospital and other medical bills of the well-to-do and wealthy aged, most of whom are well able to meet such bills from their own resources.

The administration's spokesmen claim that the program will cost about $6.8 billion. This figure will not even cover early-year program costs according to business actuaries and experts with experience in the health insurance and health care fields.

Other governments which have adopted compulsory health programs have found that costs have skyrocketed. Costs in the British social security program have so skyrocketed that some responsible Englishmen prominent in the welfare field in an effort to avoid bankruptcy of their entire welfare system are now advocating a change to that only the needy would be aided.

I am disturbed about the effect this legislation would have upon our economy and upon our private insurance system. The administration and our economic planners are already concerned about the brake this would put on our economic growth because almost $7 billion would be taken from the consuming public. This program could destroy private initiative for our aged to protect themselves with insurance against the costs of illness.

Presently, over 60 percent of our older citizens purchase hospital and medical insurance without Government assistance. This private effort would cease if Government benefits were given to all our older citizens.

I expect that this socialized program will continue to grow and to be extended to additional age groups in our population. In fact, the advocates of this legislation are already pointing out how this bill represents merely the beginning of Government medical care for persons of all ages.

It is interesting to note that the two most knowledgeable groups on the subject in our society—the insurance industry and the medical profession—oppose the enactment of this legislation. It is discouraging to realize that without the cooperation of these two groups the success of this program cannot be realized.

I am proud of our medical system and our medical profession. We have made great strides in research and in understanding the problems of our people, particularly those problems of our senior citizens. Special steps should be taken to perfect and perpetuate the system we now enjoy. We should not be moving in the direction in which this legislation would have us move if we are to remain a physically healthy and sound nation meeting the needs of the young and the old.

The social planners who have dreamed up this socialized medicine program have tied it to amendments to our social security program which are needed and acceptable. By doing this the social planners have tried to put us—those who seek responsible legislation—in an embarrassing position because if we vote as our conscience dictates on the amendments calling for a socialized medicine program, we then are forced to vote against those amendments which are needed in perfecting and broadening the coverage of our present social security program. The hope of the social planners and the administration's spokesmen is to force us to conform to their wishes and desires. I choose not to prostitute my vote in this matter and because portions of this bill are objectionable to me, I am compelled to vote against the total bill, even though I support parts of it.

Mr. FANNIN. Mr. President, I am opposed to H.R. 6675, not because of its objective, but because there is a better way to meet the problem.

I am sure that every Member of the Congress recognizes that hospitalization and medical treatment must be provided for those elderly citizens who cannot afford to pay fo: this care. There is no argument on this issue.

The advocates of this particular approach have no monopoly on compassion for the aged who need help, nor do they have any monopoly on the soundest and most effective way to provide that help.

We have a responsibility to strive for the most beneficial legislation possible in these areas of demonstrated human need. Medicare falls short in many respects by comparison with the benefits of the elder-care bill which I was privileged to cosponsor.

But the majority has seen fit to dismiss the eldercare approach with virtually no consideration of the bill on its merits. And in so doing, they are disregarding the expert counsel of both the medical profession and the insurance industry.

There is abundant evidence, based on reputable polls, to indicate that millions of Americans are confused about the extent of benefits that medicare will provide.

At best, this bill will cover only about half of the average medical costs for the aged. And it will do this at the expense of providing benefits to millions of Americans who are perfectly capable of meeting their own medical expense problems.

It is this scheme of compulsory financing and benefits for all, regardless of need, that I regard as the bill's chief defect. I am genuinely concerned about its potential weakening effect upon the stability of the entire social security system.

The plain truth is that nobody knows how much this bill will cost the taxpayers. We do know we are talking about nearly $7 billion a year—and that is only the beginning.

The experience of nations in Western Europe and Canada adds up to a sober warning for us. We can surely expect the total cost to skyrocket in the future.

In my judgment, this poses a clear and present danger to the system upon which most Americans depend for the basic foundation of their retirement years. I cannot support a bill to increase the taxes of almost every American wage earner, to pay health benefits to millions of their fellow citizens who are both able and willing to pay for their own care.

Instead of this blanket approach, we should have paid more attention to what the needs really are. In that regard, let me remind you that the Health Insurance Council reported only last month that 79 percent of our population is now covered by some form of health insurance.

There is another weakness inherent in the medicare bill which concerns many of us. All of us know that the people of the United States today enjoy the finest quality of medical care that any nation has ever achieved. Any legislation we pass in this field certainly should aim at strengthening, not weakening, this great national asset.

One of the unique and most important features of our system is the voluntary, private relationship between the individual patient and the physician of his choice. It is one of the principal reasons why our system of medicine is the best in the world.

Some of the organizations and spokesmen who have given such strong support to medicare also have declared that it represents just the beginning step toward a completely federalized and State-dominated system of medical and hospital care.

Surely, none of us wants to see the quality of health care in this country decline from its present unchallenged position of world leadership. Yet there are reasonable grounds to fear the eventual consequences of the first step this bill represents.

I want to commend the minority of the Finance Committee for their able analysis of this bill's limitations. I agree with them that the merits of this legislation are outweighed by its deficiencies.

Mr. GRUENING. Mr. President——

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MANSFIELD. Mr. President, will the Senator from Alaska yield briefly?

Mr. GRUENING. I am glad to yield to the Senator from Montana.

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## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

AMENDMENT NO. 328

Mr. GRUENING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alaska will state it.

Mr. GRUENING. Is the offering of an amendment in order at this time?

The PRESIDING OFFICER. The offering of an amendment is in order.

Mr. GRUENING. Mr. President, I call up my amendment No. 328 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. GRUENING. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment (No. 328) offered by Mr. GRUENING is as follows:

On page 349, between lines 12 and 13, insert the following:

"RECTIFYING ERROR IN INTERPRETING LAW WITH RESPECT TO CERTAIN SCHOOL EMPLOYEES IN ALASKA

"SEC. 342. For purposes of the agreement under section 218 of the Social Security Act entered into by the State of Alaska, or its predecessor the Territory of Alaska, where employees of an integral unit of a political subdivision of the State or Territory of Alaska have in good faith been included under the State or Territory's agreement as a coverage group on the basis that such integral unit of a political subdivision was a political subdivision, then such unit of the political subdivision shall, for purposes of section 218 (b) (2) of such Act, be deemed to be a political subdivision, and employees performing services within such unit shall be deemed to be a coverage group, effective with the effective date specified in such agreement or modification of such agreement with respect to such coverage group and ending with the last day of the year in which this Act is enacted."

VALIDATING SOME ALASKA SCHOOL DISTRICT CONTRACTS UNDER SECTION 218

Mr. GRUENING. Mr. President, my amendment, now before the Senate, seeks to correct an injustice which would befall many school personnel in Alaska because of an error in interpreting the provisions of the Social Security Act.

Many school employees in Alaska are in danger of losing social security benefits because the provisions of section 218 were incorrectly interpreted. Originally, certain city school districts in Alaska were ruled to be "political subdivisions" under the terms of section 218 and agreements with such city school districts were approved by the Social Security Administration.

Now, after 13 years of coverage, and after paying the social security taxes due and expecting to receive social security benefits upon retirement, the school personnel of such city school districts have been informed that such districts cannot be considered "political subdivisions" within the meaning of section 218 of the Social Security Act and that these school employees are not covered under the act.

My amendment simply validates the agreements entered into in good faith by these school districts to cover their school employees under the social security program.

I have been informed that the administration supports this amendment.

I hope that the able and distinguished Senator in charge of the bill will accept this simple amendment.

Mr. LONG of Louisiana. Mr. President, the Senator from Alaska has discussed his amendment with us, and also with those who represent the department, and we believe that the Senator has a good point in his amendment. It was not studied by the committee, but we believe that the Senator from Alaska is probably right about the matter, and we shall be happy to take the amendment to conference.

Mr. ANDERSON. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. ANDERSON. The situation to which the Senator from Alaska refers is similar to the one with which we dealt in Arkansas. Therefore, there is no reason to deny to Alaska what was done for Arkansas.

I agree with the Senator in charge of the bill that the Senator's amendment should be accepted.

Mr. GRUENING. I thank the Senator from Louisiana and the Senator from New Mexico.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alaska.

The amendment was agreed to.

"HOSPICARE" PROVIDED BY H.R. 6675 NEEDED AND LONG OVERDUE

Mr. GRUENING. Mr. President, I support, in general, the provisions of H.R. 6675 because the program which it provides is long overdue. The legislation has long been misnamed with the title of "medicare." It provides hospital care and should be known as "hospicare."

To my own knowledge, I have known many men and women who have completed successful work careers and who have retired with savings and pensions apparently ample to live in comparative comfort for the rest of their lives. Then these individuals have been struck by severe illnesses and in a very brief period have seen their life's savings drained away in paying for the high costs of medical and hospital care and drugs.

For people in such circumstances, H.R. 6675 marks a milestone and will go far to enable them to meet the overwhelming burden of hospital expenses—and some medical expenses—attendant all too often on old age.

This bill marks a milestone and a crowning achievement for the many men and women who for years have worked tirelessly for its achievement.

President Johnson can rightfully take pride in the enactment of this far-reaching hospital care bill. He worked for its enactment as a U.S. Senator from Texas, as Vice President, and as President. He has at all times indicated that, on his list of needed domestic measures, hospital care for the aged had high priority. Its enactment so early in his administration must be and should rightfully be considered a personal, outstanding achievement for President Johnson.

Another among the many individuals to whom credit and praise should be given for his work in securing the passage of a hospital program for the aged is the very able and distinguished senior Senator from New Mexico [Mr. ANDERSON], who through the years, in the face of great opposition, has fought valiantly for the enactment of this legislation.

Many others deserve high praise for the successful conclusion of this struggle including our distinguished majority leader [Mr. MANSFIELD], the majority whip [Mr. LONG of Louisiana], and the indefatigable Under Secretary of the Department of Health, Education, and Welfare, Mr. Wilbur Cohen.

All these—and many more—deserve the highest praise for a job well done.

In sending his health message to the Congress on January 7 of this year, President Johnson quoted from Thomas Jefferson who wrote:

> Without health there is no happiness. An attention to health, then, should take the place of every other object.

With this statement I heartily concur. With the passage of H.R. 6675, the Congress will be taking a giant step forward to making health "take the place of every other object." It is a step that long needed to be taken.

Mr. McNAMARA. Mr. President, for the past 7 years the problems of our older citizens have been the subject of intensive and continuing study by the Congress. That long and hard work is resulting, at last, in legislation which will significantly contribute to the ability of the Nation's elderly to live independently and with dignity during their retirement years.

Earlier this week, the House of Representatives agreed to the Senate amendments to H.R. 3708—the Older Americans Act of 1965. This important measure—which I sponsored in the Senate and in which I was joined by 23 cosponsors—now awaits the President's signature.

The Older Americans Act—it will be recalled—establishes a new high-level agency—the Administration on Aging—within the Department of Health, Education, and Welfare. The Administration on Aging, headed by a Commissioner appointed by the President and subject to Senate confirmation—will devote its full attention to the problems and potentials of our older population. It is an agency which—among its other responsibilities, will administer a program of grants which will enable the States to support and expand their services in behalf of the elderly.

The Older Americans Act represents a milestone on the road toward a better life for our elderly citizens. We now have an opportunity to enact another landmark piece of legislation—H.R. 6675—the medicare bill. I believe we will take that opportunity.

Although—my interest and activities dealing with the problems of older people predates by many years my service in the Senate, it has been my privilege since 1959 to be deeply involved in the efforts of the Senate to determine and cope with the needs of the elderly.

During the 87th Congress, I was privileged to serve as chairman of the Senate Special Committee on Aging. For 2 years prior to that—I was chairman of the Subcommittee on Problems of the Aged and Aging of the Labor and Public Welfare Committee. Currently, I am chairman of the Subcommittee on Health of the Elderly of the Special Committee on Aging.

During these last 7 years—under a mandate from the Senate—we have thoroughly investigated and evaluated the status of the 18 million Americans who are 65 years of age and over.

We have consulted with the acknowledged experts in the field of aging and have benefited from their research.

We have held public hearings throughout the country to learn firsthand the difficulties and the unique problems facing our older citizens. A long list of committee reports attest to the scope and the depth of this factfinding effort.

And from these years of work, two basic conclusions emerge:

First, the older people of this country have a deep and abiding desire to live their retirement years in independence and dignity;

Second, the greatest threat to this desire for an independent and dignified existence is the pronounced inability of our older citizens to cope with the heavy and inevitable expenses of necessary hospital and medical care.

Other problems, to be sure, trouble people in their retirement years. But completely overshadowing everything else is the haunting fear of financial catastrophe resulting from serious illness.

We cannot, of course, eliminate the likelihood of serious illness among the elderly.

But we can extend to them the hope that when illness does strike, it will not leave them financially destitute.

The legislation we are considering today—a program of hospital insurance through social security and a program of voluntary medical insurance—would offer them that hope.

I believe that we now have before us a bill which would establish a well-balanced program of protection against the crushing expenses of illness. This is a program which will relieve the elderly of the intolerable pressures generated by high health costs on the one side and reduced income on the other. This is a program which will solve the dilemma confronting the young and middle-aged families who are trying to provide for themselves and their children at the same time that they are faced with the tremendous burden of trying to help pay the continuing direct costs of the illnesses of their parents and grandparents.

In evaluating the legislation before us—we must not overlook the substantial and meaningful liberalizations which it makes in the Kerr-Mills program.

Over the years, the Subcommittee on Health of the Elderly has issued three reports on the operation and effectiveness of the Kerr-Mills program. We have never argued against the need for such a program. Our criticism was directed at the idea that Kerr-Mills—by itself—constituted the Federal answer to the problem. Among the specific criticisms of Kerr-Mills made by the subcommittee—for which the present bill now offers remedies were:

First. The family responsibility provisions which imposed hardships on the children and grandchildren of elderly applicants for aid—and which often served to deter otherwise qualified individuals from seeking help. The new bill would limit the application of the family responsibility provision to the spouse, if any, of the applicant.

Second. We had criticized the in-or-out income tests employed by some States in determining eligibility. For example—if a State had a test of $1,500 in income, a person with $1,501 would be ineligible despite the fact that he might have had thousands of dollars of expenses—while an individual with $1,499 in income and only $100 or $200 in expenses would be eligible. The new legislation corrects this situation by requiring the States to relate their income tests to the expenses incurred by the applicant.

Third. We were critical of the fact that the Federal Government would only match up to $15 per month in vendor payments for recipients of old-age assistance while we would match unlimited medical vendor payments for recipients of medical assistance for the aged. It seemed highly unfair to us that we should provide less in money for those who are most in need. Additionally—this imbalance was the prime reason behind the State's switching many of their OAA people to MAA. The present bill authorizes matching on an equal basis for both OAA and MAA and further—specifies that the States may not provide less in benefits under one program than it provides in the other.

Fourth. We were also concerned over the fact that many States provided only the most limited types of health services, for example, a State might provide only hospital care and some services in the outpatient department of a hospital. The new legislation requires that the States include inpatient and outpatient hospital care, other laboratory and X-ray services, skilled nursing home services, and physicians' services.

Mr. President, I should like to stress one other consideration. I believe that proper and appropriate administration of the program is vital to effectuating the congressional intent.

In this regard—and particularly in the case of the basic medicare section of the bill—"part A"—administrative responsibility and operation should, to the greatest extent possible, be assumed by public agencies.

Any administrative tasks which are delegated by the Department of Health, Education, and Welfare should in all instances be assigned to State and local health departments, where these public agencies are willing and capable of performing those responsibilities. The public interest would be fully served by giving preference to public agencies.

In conclusion, Mr. President, I would say that the medicare bill now before the Senate is not perfect. I am positive that we will modify it in future years—as experience exposes defects.

But it does represent an enormous step forward by the Congress in meeting one of the most urgent social needs of our times. Its enactment has been demanded by an overwhelming majority of Americans—of all ages—for many years.

I regard it as both a privilege and an honor to be associated with this legislation as a cosponsor and I shall cast my vote in favor of it with a deep sense of satisfaction and fulfillment.

Mr. JAVITS. Mr. President, I know that some of my colleagues in the Senate wish to speak. I should like to make the remaining committee amendment the pending business, if it is agreeable to the Senator from Louisiana. I wish to announce that the committee amendment is opposed by the Senator from New York [Mr. KENNEDY] and myself jointly, in lieu of our offering an amendment. Normally, an amendment would be offered if the committee amendment had been treated as original text. We have undertaken, therefore, to oppose the committee amendment.

If we may have the remaining committee amendment made the pending business, I shall yield the floor and let other Senators speak.

The PRESIDING OFFICER. Does the manger of the bill wish to call up the remaining committee amendment?

Mr. LONG of Louisiana. Mr. President, I ask that the committee amendment be made the pending business.

The PRESIDING OFFICER. The clerk will state the committee amendment.

The legislative clerk proceeded to state the committee amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment is as follows:

On page 267, line 8, after the word "ending", it is proposed to insert "on or"; on page 268, after line 2, to strike out:

"COVERAGE OF TIPS

"SEC. 313. (a)(1) Section 209 of the Social Security Act is amended by striking out 'or' at the end of subsection (j), by striking out the period at the end of subsection (k) and inserting in lieu thereof '; or', and by adding immediately after subsection (k) the following new subsection:

"'(1) (1) Tips paid in any medium other than cash;

"'(2) Cash tips received by employee in any calendar month in the course of his employment by an employer unless the amount of such cash tips is $20 or more.'

"(2) Section 209 of such Act is further amended by adding at the end thereof the following new paragraph:

"'For purposes of this title, tips received by an employee in the course of his employment shall be considered remuneration for employment. Such tips shall be deemed to be paid to the employee by the employer and shall be deemed to be so paid at the time a written statement including such tips is furnished to the employer pursuant to section 6053(a) of the Internal Revenue Code of 1954 or (if no statement including such tips is so furnished) at the time received.'

"(b) Section 451 of the Internal Revenue Code of 1954 (relating to general rule for taxable year of inclusion) is amended by adding at the end thereof the following new subsection:

"'(c) SPECIAL RULE FOR EMPLOYEE TIPS. For purposes of subsection (a), tips included in a written statement furnished an employer by an employee pursuant to section 6053(a) shall be deemed to be received at the time the written statement including such tips is furnished to the employer.'

"(c)(1) Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end thereof the following new subsection:

"'(c) SPECIAL RULE FOR TIPS.

"'(1) In the case of tips which constitute wages, subsection (a) shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053(a), and only to the extent that collection can be made by the employer, at or after the time such statement is so furnished and before the close of the 10th day following the calendar month in which the tips were received, by deducting the amount of the tax from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer pursuant to paragraph (2)) as are under control of the employer.

"'(2) If the tax imposed by section 3101, with respect to tips received by an employee during a calendar month which are included in written statements furnished to the employer pursuant to section 6053(a), exceeds the wages of the employee (excluding tips) from which the employer is required to collect the tax under pagraph (1), the employee shall furnish to the employer on or before the 10th day of the following month an amount of money equal to the amount of the excess.

"'(3) The Secretary or his delegate may, under regulations prescribed by him, authorize employers—

"'(A) to estimate the amount of tips that will be reported by the employee pursuant to section 6053 in any quarter of the calendar year,

"'(B) to determine the amount to be deducted upon each payment of wages (exclusive of tips) during such quarter as if the tips so estimated constituted the actual tips so reported, and

"'(C) to deduct upon any payment of wages (other than tips) to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted upon such wages of the employee during the quarter to the amount required to be deducted during the quarter without regard to this paragraph.'

"(2) The second sentence of section 3102(a) of such Code is amended by inserting before the period at the end thereof the following: '; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053(a) to which paragraph (12)(B) of section 3121(a) is applicable may deduct an amount equivalent to such tax with respect to such tips from any wages of the employee (exclusive of tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20'.

"(3) Section 3121(a) of such Code (relating to definition of wages under the Federal Insurance Contributions Act) is amended by striking out 'or' at the end of paragraph (10), by striking out the period at the end of paragraph (11) and inserting in lieu thereof '; or', and by adding after paragraph (11) the following new paragraph:

"'(12)(A) tips paid in any medium other than cash;

"'(B) cash tips received by an employee in any calendar month in the course of his

employment by an employer unless the amount of such cash tips is $20 or more.'

"(4) Section 3121 of such Code is further amended by adding at the end thereof the following new subsection;

"'(q) TIPS.—For purposes of this chapter, tips received by an employee in the course of his employment shall be considered remuneration for employment. Such tips shall be deemed to be paid to the employee by the employer, and shall be deemed to be so paid at the time a written statement including such tips is furnished to the employer pursuant to section 6053(a) or (if no statement including such tips is so furnished) at the time received.'

"(d)(1) Section 3401 of such Code (relating to defintions for purposes of collecting income tax at source on wages) is amended by adding at the end thereof the following new subsection:

"'(f) TIPS.—For purposes of subsection (a), the term "wages" includes tips received by an employee in the course of his employment. Such tips shall be deemed to be paid to the employee by the employer, and shall be deemed to be so paid at the time a written statement including such tips is furnished to the employer pursuant to section 6053(a) or (if no statement including such tips is so furnished) at the time received.'

"(2) Section 3401(a) of such Code (relating to definition of wages for purposes of collecting income tax at source) is amended by striking out ', or' at the end of paragraph (6) and inserting in lieu thereof '; or', by striking out the period at the end of paragraph (12) and inserting in lieu thereof '; or', by striking out the period at the end of paragraph (15) and inserting in lieu thereof '; or', and by adding after paragraph (15) the following new paragraph:

"'(16)(A) as tips in any medium other than cash;

"'(B) as cash tips to an employee in any calendar month in the course of his employment by an employer unless the amount of such cash tips is $20 or more.'

"(3) Subsection (a) of section 3402 of such Code (relating to income tax collected at source) is amended by striking out 'subsection (j)' and inserting in lieu thereof 'subsections (j) and (k)'.

"(4) Section 3402 of such Code is further amended by adding at the end thereof the following new subsection:

"'(k) TIPS.—In the case of tips which constitute wages, subsection (a) shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053(a), and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which the employee receives the tips which are included in such statement, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053(a) to which paragraph (16)(B) of section 3401(a) is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds minus any tax required by section 3102(a) to be collected from such wages.'

"(e)(1) Section 6051(a) of such Code (relating to receipts for employees) is amended by adding at the end thereof the following new sentence: 'In the case of tips received by an employee in the course of his employment, the amounts required to be shown by paragraph (3) shall include only such tips as are included in statements furnished to the employer pursuant to section 6053(a); and the amounts required to be shown by paragraph (5) shall include only such tips as are reported by the employee to the employer pursuant to section 6053(b).'

"(2)(A) Subpart C of part III of subchapter A of chapter 61 of such Code (relating to information regarding wages paid employees) is amended by adding at the end thereof the following new section:

"'SEC. 6053. REPORTING OF TIPS.

"'(a) Every employee who, in the course of his employment by an employer, receives in any calendar month tips which are wages (as defined in section 3121(a) or section 3401(a)) shall report all such tips in one or more written statements furnished to his employer on or before the 10th day following such month. Such statements shall be furnished by the employee under such regulations, at such other times before such 10th day, and in such form and manner, as may be prescribed by the Secretary or his delegate.

"'(b) For purposes of sections 3102(c), 3111, 6051 (a), and 6652(c), tips received in any calendar month shall be considered reported pursuant to this section only if they are included in such a statement furnished to the employer on or before the 10th day following such month and only to the extent that the tax imposed with respect to such tips by section 3101 can be collected by the employer under section 3102.'

"(B) The table of sections for such subpart C is amended by adding at the end thereof the following:

"'SEC. 6053. REPORTING OF TIPS.'

"(3) Section 6652 of such Code (relating to failure to file certain information returns) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"'(c) FAILURE TO REPORT TIPS.—In the case of tips to which section 6053(a) applies, if the employee fails to report any of such tips to the employer pursuant to section 6053(b), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be paid by the employee, in addition to the tax imposed by section 3101 with respect to the amount of the tips which he so failed to report, an amount equal to such tax.'

"(f) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act), as amended by section 321 of this Act, is amended by adding at the end thereof the following new subsection:

"'(c) TIPS.—In the case of tips which constitute wages, the tax imposed by this section shall be applicable only to such tips as are reported by the employee to the taxpayer pursuant to section 6053(b).'

"(g) The amendments made by this section shall apply only with respect to tips received by employees after 1965."

And in lieu thereof, to insert:

"COVERAGE OF TIPS

"SEC. 313. (a) Section 211(c) of the Social Security Act, as amended by section 311 of this Act, is amended by adding at the end thereof the following new sentence: 'The provisions of paragraph (2) shall not have the effect of excluding cash tips received by an employee in the course of service which constitutes employment under this title, on his own behalf and not on behalf of another person, from "net earnings from self-employment"; except that (i) this sentence shall not apply in the case of tips which constitute remuneration for employment under this title, and (ii) in applying subsection (a) with respect to tips to which this sentence is applicable, only the deductions attributable to such tips shall be taken into account.'

"(b) Section 1402(c) of the Internal Revenue Code of 1954 (relating to definition of trade or business), as amended by section 311 of this Act, is amended by adding at the end thereof the following new sentence: 'The provisions of paragraph (2) shall not have the effect of excluding cash tips received by an employee in the course of service which constitutes employment under chapter 21, on his own behalf and not on behalf of another person, from "net earnings from self-employment"; except that (i) this sentence shall not apply in the case of tips which constitute remuneration for employment under chapter 21, and (ii) in applying subsection (a) with respect to tips to which this sentence is applicable, only the deductions attributable to such tips shall be taken into account.'

"(c) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1965."

Mr. MORTON. Mr. President, a national health care program for the needy aged is long overdue in this country. Millions of our senior citizens who are living on very modest incomes have for years faced a serious problem in meeting the costs of health care.

We are all thankful for the fact that the exciting and rapid scientific advances in medicine, surgery and therapy have substantially increased the life span of our people. These advances have obviously led to greater cost to the patient. Treatments have been developed which are very complex involving costlier drugs, operations, hospitalization, specialized nursing home care, and so forth. The healing arts community is to be congratulated on the great progress that it has made and society in general is the beneficiary.

In 1949 as a Member of the House I, along with a group of Republicans, introduced a comprehensive national health care program for the needy aged. One of the cosponsors was my colleague, the distinguished senior Senator from New York [Mr. JAVITS]. As I recall, the Honorable Christian Herter, then a Member of the House, and the Honorable Richard Nixon, at that time a House Member, were also cosponsors.

My interest and concern with this problem go back many years. I introduced a comprehensive measure in 1962 and this year I am a cosponsor of the bill introduced by the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL].

In reality, my interest in this problem dates from my childhood. My father was a doctor of medicine and a general practitioner in Louisville, Ky. One of my earliest memories is spending a year in Europe when my father studied in Germany and Austria to gain specialized training in the general area of heart disease. Today, the doctors of Europe come to this country for specialized training, and many prominent Europeans come to this country for treatment. The Duke of Windsor recently visited Houston for surgery and I think it is commendatory that in one generation we have gone to the forefront in medical science. I know

that we all want America to stay in that position.

In spite of my long interest in this problem and my keen desire to do something about it, I cannot support this bill. I have always maintained that if the program is to be successful, it must meet three criteria: First, it must be voluntary. Second, it must be based on need. And third, it must not be financed through a payroll tax.

Those with adequate incomes who happen to be covered by social security and who can well afford their own medical care directly or through insurance, should not be forced to join a program.

A needs clause, I think, is essential. I do not think it proper for a young man going to work and expecting to support a family to have to pay a hospital, or any other bill, for the millions in this country who can afford to pay their own. I do not think a means test should require a so-called pauper's oath. The bill which I introduced in 1962 applied the means test by the income tax return of the individual. Critics of the means test say that its application would force a person to sell his home before he could benefit from the program. This is not the case. Let the income tax return be the only means test.

I vigorously oppose financing so much of this program through payroll taxes. The payroll tax with an arbitrary limit, be it $5,600 or $6,600 a year, is a regressive tax in the same sense that a sales tax or retail excise tax is regressive. Under the terms of this bill a man earning $6,600 a year will pay just as much in taxes as a man earning $66,000. This is certainly not the American way. I can not understand the logic of the labor leaders of this country in their almost unanimous support of this method of financing health care for the needy aged. These same leaders argue persuasively against a sales tax saying that it falls equally on those who can afford it and those who cannot afford it. It seems to me that the same philosophy applies here.

Furthermore, a payroll tax is a direct manufacturing cost. When direct costs go up, prices go up. We are having difficulties today competing in the world market. By increasing these direct costs our difficulties will be compounded. Experience has shown in other countries, especially in Western Europe where we find our keenest competition, that payroll taxes which finance a health program have skyrocketed over the years. In spite of these high taxes Germany and Italy can undersell us on many products because their basic factory or mine wage is far below ours. If wages were comparable, their present higher rate of payroll tax would eliminate them as a competitor.

Our own experience with the social security program, and the discussion of this bill in the Finance Committee, and the debate here on the floor make it obvious that this program will be sharply expanded in future years. I do not think anyone can question this. Benefits will be broadened and taxes increased. For this reason, it is all the more important that we set the proper guidelines at the initiation of this program. In my judgment, the broad guidelines are contained in the three criteria which I have set out. This is going to be a huge program. Let us set it in the proper framework so that it will enhance and not impair the great American will to produce.

I wish this bill could be amended so that I might support it. I am afraid that is a remote and forlorn hope. If I have properly judged the temper of the Senate none of the three criteria which I have spelled out will be achieved and, I am sorry to say, none was achieved in the bill which the House of Representatives sent to us. Therefore, it seems clear, Mr. President, that my vote on final passage will have to be in the negative.

Mr. FONG. Mr. President, H.R. 6675 is a monumental measure of far-reaching consequences.

It deals with fundamental human needs of millions of Americans.

It extends a helping hand not only to our senior citizens, but also to children, blind, and disabled persons, and needy individuals.

There is general agreement on the humanitarian objectives of this bill although many differ regarding the methods of achieving these objectives, particularly in the field of medical care for the aged.

BRIEF DESCRIPTION OF PROVISIONS

H.R. 6675 has four main parts.

First. In the area of medical care, it provides as follows:

(a) A compulsory hospital-nursing home plan for most persons past 65 financed by higher social security taxes on workers, their employers, and the self-employed; and by payments elderly patients must make toward their care—deductibles and daily charges.

(b) A voluntary supplementary plan covering physicians' services and certain other health costs financed by monthly premiums paid by those past 65; by matching premiums paid by the Federal Government out of general revenues; and by fees patients must pay for care—deductibles plus 20 percent of remaining costs, and

(c) An expanded Kerr-Mills medical assistance program for the needy and medically needy aged, blind, disabled, and families with dependent children. This combines five existing medical assistance programs into a single program.

Second. H.R. 6675 provides expanded services for maternal and child health, crippled children, child welfare, and the mentally retarded, and establishes a 5-year program of special project grants for comprehensive health care and services for needy children, including those emotionally disturbed of school age or preschool age.

Third. H.R. 6675 provides greater benefits and coverage under social security old-age, survivors' and disability programs, including a 7-percent increase in monthly benefits for social security recipients with a $4 minimum increase for an individual and a $6 minimum increase for a couple.

Fourth. H.R. 6675 improves and enlarges public assistance programs.

From this brief description, the scope and breadth of this legislation are merely indicated. I shall not attempt at this point to describe the bill in full, for it is a very comprehensive, very technical bill totaling 387 pages. More details can be found elsewhere in my statement.

SOCIAL SECURITY BILL WILL BECOME LAW

It is very apparent that H.R. 6675 will pass the Senate and that, after differences in the House and Senate versions are resolved, it will receive approval by Congress and will be signed by the President.

It will become the law of the land—and most of the programs, including the new basic hospital insurance plan and the supplementary insurance plan for medical care of Americans past 65, will become permanent programs.

In a far-reaching bill of this complexity and nature, no one is completely satisfied with every provision. I have consistently fought for comprehensive medical care for any aged person who needs assistance in paying his medical bills, with such a program to be financed out of general revenues. Although this bill in part relies on general revenues, the basic hospital-nursing home plan relies on social security taxes and makes limited benefits available to everyone regardless of need.

This legislation has been developed according to established congressional procedure, with all Americans allowed an opportunity to present their views. In particular, the subject of medical care for the aged has been investigated, studied, and debated for a number of years, quite intensively during the past 5 years.

Now the majority in Congress has worked its will and, in the American way, everyone accepts that.

It now behooves all of us to do our best to make these programs as workable and as effective as possible.

Let us put acrimony behind us. Let us bind up our wounds and with malice toward none let us get on with the enormous job of implementing this measure.

LANDMARK LEGISLATION

The inauguration of the basic hospital insurance program and the supplementary insurance program will be hailed as landmark legislation, as indeed it is.

It will unquestionably be important in helping our senior citizens meet their hospital, doctor, and certain other medical expenses.

It is estimated the basic and supplementary plan together will cover just under 50 percent of the average medical costs of those past 65.

Nevertheless, we all have a duty not to oversell these programs. We should not lead those past 65 to believe more is provided than actually is provided.

BILL DOES NOT COVER ALL MEDICAL NEEDS

For example, H.R. 6675 does not provide aid for every kind of medical care an individual past 65 may need.

The basic plan for instance does not pay for private rooms, private nurses, long-term stays in psychiatric hospitals or drugs outside a hospital; nor does it cover very long "catastrophic" illness.

The supplemental plan does not cover routine physicals, extensive psychiatric care, routine dental work, drugs, dentures, orthopedic shoes, eyeglasses, or hearing aids.

BILL DOES NOT COVER ALL MEDICAL COSTS

It is important for Americans to understand that H.R. 6675 is not a free medical care bill. The hospital and other medical services covered by the two plans are not paid in full under these plans.

Under the basic hospital plan, a patient must pay the first $40 of cost during the first 60 days, plus $10 a day for each day after that during the next 60 days. The plan does not pay any hospital costs after these 120 days during one spell of illness. So the patient has to find some means of paying hospital care after 120 days.

A patient sent to a nursing home after receiving hospital care would pay $5 a day beginning with the 21st day through the 100th day in the nursing home. After 100 days of a single spell of illness, the plan pays nothing more toward nursing home care.

Furthermore, if costs of hospital and nursing home services go up, patients may have to pay greater amounts beginning in 1968. Hospital costs have been rising about 7 percent a year over the past few years.

Under the supplementary insurance plan, those past 65 wishing this insurance must pay $3 per month. The Federal Government also pays $3 per month.

Under H.R. 6675, these premiums could be increased every 2 years. If costs of the services covered go up sufficiently, those past 65 can look forward to further increases in their monthly premium.

In addition, under the supplementary plan, patients must pay a $50 deductible, which means they must pay the first $50 of expenses incurred for physicians' services and other health items covered by this insurance. In addition, patients must pay 20 percent of costs above the first $50.

OLDER AMERICANS NEED MORE PROTECTION

I mention these matters so that Americans past 65 will be aware that the two medical plans contained in this bill will not pay all of their health and medical bills.

It is only fair to caution our senior citizens that they should protect themselves against medical expenses not taken care of by the basic plan or the supplementary plan through additional insurance. Otherwise, they may face some costly bills to pay out of savings.

EFFECTIVE DATE OF TWO NEW MEDICAL PLANS

Another very important reminder to those who will be eligible for these medical programs: benefits under the basic plan will not be available until July 1, 1966. Benefits under the supplementary plan will not be available until January 1, 1967.

So, I say to our older Americans, when this bill passes, do not cancel your present health insurance policies. Do not let your health insurance lapse between now and the date when these plans become effective.

Your present insurance company will probably revise its policies so that they will not overlap the benefits of the health insurance plans of this bill. They will, I am confident, devise policies offering coverage and benefits not provided under the two plans of this bill.

Also, most businesses with health insurance programs for their employees will revise these policies to be effective after the basic Government insurance and supplementary insurance plans go into effect.

URGES HEALTH INSURANCE FOR ELDERLY

I say again to our older Americans: Do not leave yourself unprotected during the next year and a half before benefits are available to you under H.R. 6675.

If you do not now have health insurance that will help pay hospital, doctor, and medical bills, I would urge you to obtain such insurance. No one knows when illness may strike. It might be before benefits under either plan in H.R. 6675 will be available to you. So take the sensible precaution of protecting yourself against costly illness.

Here I would like to urge private health insurance companies to do their very best to provide reasonable cost and effective policies to protect older persons against medical costs not covered in the two plans of this bill.

SOCIAL SECURITY IMPROVEMENTS

Now I would like to comment on the social security increase and some of the other improvements in old-age, survivors, and disability programs proposed in H.R. 6675.

SEVEN PERCENT INCREASE

The 7-percent, across-the-board increase in benefits for the present 20 million social security recipients is retroactive beginning with January 1965 benefits.

There is a guaranteed $4 monthly minimum for retired workers who are past 65 in the first month they are paid the increased benefit.

The guaranteed minimum increase is provided to make sure everyone over 65 would receive at least enough to take advantage of the supplementary insurance costing those past 65 $3 per month. The $4 minimum for an individual would cover the premium with $1 to spare. A man and his wife would receive a minimum total increase of $6, which would cover the health insurance premium for both.

Unfortunately, the 7-percent increase does not keep pace with the 8.9 percent increase in cost of living since 1958.

In other words, even with this increase, social security benefits will buy less than in 1958.

SUPPORTS SOCIAL SECURITY INCREASE

I have strongly favored a cost-of-living increase in social security. Last year I voted for the increase provided in the bill passed by the Senate. I deplore the fact that this much-needed increase was allowed to die in conference committee between House and Senate in the dispute over medical care.

On the first day bills could be introduced this year, I sponsored a bill—S. 39—providing for a 7-percent increase. At the time, I urged that consideration be given to an 8-percent increase because I believed the cost of living was heading upward. It did rise and is still rising. The cost of living is now nearly 9 percent more than in 1958.

So in this bill we are not restoring buying power of social security benefits to the 1958 buying power.

WHY COST-OF-LIVING INCREASE NOT HIGHER

It is well understood that social security benefits could have been increased by 8 or 9 percent, had not the hospital insurance plan been added to this bill.

In order to keep social security taxes from jumping too high at this time, the social security increase had to be limited to 7 percent and the hospital benefits had to be curtailed.

Thus, in the very drafting of this bill both the cash benefit program and the hospital insurance program for the aged have had a restrictive impact on each other.

There are those who claim the new hospital program will not endanger the cash benefit programs for retirees, for widows, children, dependents, and the disabled under the existing social security programs—old-age, survivors', and disability insurance.

Those making this claim say the new health insurance trust fund set up in H.R. 6675 would be separate from the present social security trust fund. They point out the bill requires social security withholding for hospital benefits to be deducted from wages separately from the regular old-age, survivors', and disability social security deductions.

Separate accounting will not insulate one program from the other. Both programs have already had and will continue to have an impact on each other.

The reason is that the revenues for the old-age, survivors', and disability benefits and the revenues for the new hospital benefits will be derived from the same source: wages of workers in social security covered jobs and railroad retirement covered jobs.

In a very real sense, the OASDI cash benefits programs and the new hospital benefits program are competing for social security taxes levied on wages.

We cannot put too heavy taxes on wages, or we shall deprive workers of the wherewithal to pay their living expenses.

As employers must match the social security tax for each of their workers, this will raise the cost of doing business and this added cost will be passed on to consumers in higher prices. Higher prices make it more difficult to sell abroad in competition with foreign companies.

So the sky is not the limit when it comes to the amount of social security taxes that can be extracted from wages.

There is no doubt that, at some time in the future, when we want to increase the cash benefits for social security retirees, for dependents, disabled persons and all the rest and when the costs of the hospital program require an increase, we are going to reach a point where we cannot increase the burden on wage earners by hiking social security taxes on their

wages or self-employed income, or by making more of their wages subject to the tax—raising the taxable wage base.

Some people think that day is not far off.

Even some ardent advocates of hospitalization through social security taxes have already admitted that future social security improvements may have to be financed out of general revenues.

Endorsement of the supplementary insurance program, which is not financed out of social security taxes, is tacit recognition that a fully comprehensive medical care program should not be financed out of social security. The burden would be too great on one segment of our population, the wage earners.

Of course, there is an alternative. That is to make the elderly patients pay a greater share of the costs of this program. I have already pointed out that the bill provides for automatic increases in the amount patients must pay for hospital and nursing home care, starting in 1968, if costs of these services rise enough by then. A patient hospitalized for 120 days would pay $640. If he stays the full 100 days in a nursing home after hospitalization, he would pay an additional $400, for a total of $1,040.

Under provisions of H.R. 6675, if hospital and nursing home costs rise appreciably, the amount the patient would pay also will rise.

To make patients pay even more than the bill provides would put a greater burden on the elderly, the very people we seek to help under this program.

GENERAL REVENUE FINANCING FORECAST

I predict that evenually the OASDI cash benefit programs or the hospital program will have to be financed, in whole or in part, out of general revenue financing.

Cash benefits for a worker, his survivors, or dependents under the present old-age, survivors, and disability insurance program—social security—are related to wages earned by the worker.

Retirement benefits, survivors' benefits, child's benefits, and disabilty benefits of the existing social security program are of fundamental importance to the economic well-being of Americans.

It is certain this program will have to keep pace with the rising cost of living and necessary further improvements will have to be made in the future.

It seems to me the sensible procedure is to continue the existing OASDI social security programs under the social security tax system.

Hospital benefits under the basic plan of H.R. 6675 are, however, not related to the amount of wages each worker has earned.

Therefore, it makes much more sense to me to finance the hospital program out of general revenues. In this way, the cost of the hospital program can be spread among all taxpayers, according to their income and ability to pay.

Now to return to my commentary on other features of H.R. 6675.

CHILD'S BENEFITS EXTENDED FOR FULL-TIME STUDENTS

Child's social security benefits, which formerly terminated at age 18, are continued by the bill up to age 22, provided the child is attending school full time until then.

I voted for this provision last year in the bill that regrettably died in conference October 3. This year I introduced a bill—S. 498—to extended the age to 22. I fully support this extension, which will help an estimated 295,000 children this year continue their schooling.

I am delighted the provision was made retroactive to January 1, 1965.

DISABLED CHILD'S BENEFITS EXTENDED

Under an amendment—No. 125—which I introduced and which the Senate Finance Committee adopted, benefits are provided for a child disabled before age 22—present law says before age 18—should his parent die, become disabled, or retire under social security.

The mother of the child would also be eligible for benefits so long as she continued to have the child in her care.

Under present law, an individual is considered dependent and is paid child's insurance benefits if he has been continuously disabled since before age 18.

Young persons disabled between ages 18 and 22 ordinarily would not have worked the 5 years needed to qualify under existing law for social escurity disability based on his earnings. It is likely, even if this person is working, his parent would assume financial responsibility for his support following disablement.

Therefore, it is appropriate to extend child's benefits to those disabled prior to age 22.

I am very pleased the committee accepted my amendment.

An estimated 20,000 persons—disabled children and their mothers—will become immediately eligible for benefits. The effective date of this provision is the second month after the month in which the bill is enacted.

While the number of people affected is small, compared with some other provisions of the bill, the benefit for those eligible is significant.

We cannot ease the heartache involved for these disabled young people and their families. But we can, and do, in this provision help to ease the financial strain.

WIDOWS' BENEFITS AT AGE 60

H.R. 6675 permits widows to receive benefits at age 60, on a reduced basis. Under present law, a widow must wait until age 62 before she may receive any social security benefits. At that time she receives the full benefit. This bill allows her to elect a reduced benefit starting at age 60 if she would prefer, and in this way gives a widow greater leeway in deciding what is most advantageous in her particular circumstance.

BENEFITS FOR SOME PAST AGE 72

H.R. 6675 reduces to a minimum of three quarters the requirement for social security covered employment of certain persons past 72 so that they can qualify for a $35 a month benefit. Wives of those who qualify would receive $17.50 a month and widows $35 a month.

Some 355,000 persons past 72 would be eligible for benefits, effective the second month after the month of enactment.

This is another provision I voted for last year in the bill that later died. This year I introduced a bill—S. 764—providing these benefits. I am delighted the pending bill includes this feature.

EARNINGS LIMIT RAISED

H.R. 6675 increases to $1,800 (now $1,200) the amount a social security recipient may earn without losing any of his social security benefit.

For each $2 earned between $1,800 and $3,000, he would lose $1 of his social security benefit. For earnings above $3,000 he would lose $1 in benefits for $1 of earnings.

Now he loses $1 in benefits for each $2 earned between $1,200 and $1,700; and he loses $1 for each $1 earned above that.

In addition, under H.R. 6675 the amount of earnings a beneficiary may have in a month and still receive full benefits for that month, regardless of his yearly earnings is raised to $150—now $100.

About 850,000 persons would be helped by this feature which is effective beginning calendar year 1966.

Earlier this year, I introduced a bill (S. 765) to raise the annual earnings limit to $2,400 and the monthly limit to $200 without loss of social security benefit.

At least the committee provision is a substantial step in the right direction.

MATERNAL AND CHILD HEALTH AND WELFARE AMENDMENTS

H.R. 6675 increases the amount authorized in present law for maternal and child health services.

For fiscal year 1966, the increase is $5 million and for the suceeding fiscal years, the increase is $10 million a year.

This would raise the 1966 total to $45 million, rising each year until 1970 and thereafter when the total will be $60 million.

Authorizations for crippled children's service and child welfare would also be increased by $5 million the first year and $10 million the following years.

In addition, H.R. 6675 authorizes $5 million for 1967, $10 million for 1968, and $17.5 million yearly thereafter for grants to institutions of higher learning for training professional personnel in health and related care of crippled children, particularly mentally retarded children and those with multiple handicaps.

A new provision added to the bill authorizes a 5-year program of special project grants for comprehensive health care and services for children of school age or for preschool children.

For fiscal year 1966, $15 million would be authorized and this authorization would increase until it reached $50 million for fiscal year 1970.

PUBLIC ASSISTANCE IMPROVEMENTS

H.R. 6675 improves and expands the public assistance programs by such amendments as—

First, increasing the Federal matching share for cash payments for the needy aged, blind, disabled, and families with dependent children;

Second, eliminating limitations on Federal participation in public assistance to aged individuals in tuberculosis and mental disease hospitals under certain conditions; and

Third, allowing States greater latitude in disregarding certain earnings in determining need of public assistance recipients.

These are some of the highlights in the bill requiring special comment before I proceed to discuss the two health and medical care plans.

BASIC HOSPITAL-NURSING HOME PLAN

As I have already stated, the basic plan for hospital, nursing home, and related care would be financed through an increase in the social security tax on wages of workers, their employers, and self-employed persons; by higher railroad retirement taxes, and by charges levied on elderly patients.

The tax increase would go into effect January 1, 1966. But benefits for patients would not be offered until July 1, 1966.

About 17 million persons insured under social security and railroad retirement and 2 million uninsured persons past age 65 would qualify at that time.

Costs of the program for uninsured persons would come out of general revenues of the U.S. Treasury.

After 1974, anyone wishing to qualify must have sufficient social security or railroad retirement coverage.

Benefits under this compulsory plan are as follows:

First. Up to 120 days in a hospital in each spell of illness. Sixty days must elapse between each spell of illness. Patient pays $40 deductible, plus $10 a day for each day in hospital after first 60 days. No doctors' nor private duty nursing services paid by this plan.

Second. After hospitalization, up to 100 days in a nursing home or other facility having an arrangement with the hospital from which the patient is transferred. After the first 20 days, the patient pays $5 a day toward his care.

Previous bills have limited nursing home care to hospital-affiliated institutions. Since there are not many hospital-affiliated nursing homes in America, this would have helped very few aged persons. The change contained in H.R. 6675 permitting an arrangement with a hospital will make nursing home care available for many more patients.

Third. Outpatient hospital diagnostic service, with the patient paying a $20 deductible amount and 20 percent of the cost above that for diagnostic studies by the same hospital during a 20-day period.

Fourth. After hospitalization, home health services for up to 175 visits after discharge from the hospital or nursing home and before the beginning of a new spell of illness. These services would include intermittent nursing care, therapy, and the part-time services of a home health aid.

COST OF BASIC HOSPITAL-NURSING HOME PLAN

The first full year this plan is in effect would cost $2,358 million out of the health insurance trust fund and $285 million out of the U.S. Treasury. In time the bill provides that all costs would be paid out of the health insurance trust fund.

TAXES FOR HOSPITAL-NURSING HOME PLAN

The social security tax rate would be 0.325 percent on earnings up to $6,600, starting next January 1. The tax rate would rise from time to time to 0.850 percent starting in 1987.

A worker or a self-employed person earning $6,600 would pay $21.45 for hospital insurance in calendar year 1966. His employer would match the tax each of his workers pays.

In 1967, the tax on $6,600 on the worker would total $33, and it would go up until it reached $56.10 a year in 1987 and thereafter.

PREFERS GENERAL REVENUE FINANCING OF HOSPITAL PLAN

As I have already stated, I believe general revenue financing should be used for the hospital-nursing home program, which is a service program, not a wage-related cash benefit program, as existing social security is.

Certainly, this would be a much fairer way to distribute the cost burden. Then each person under 65 would pay taxes according to his income; in other words, according to his ability to pay.

Moreover, before income taxes are levied, a taxpayer is allowed to exempt $600 for himself and $600 for his spouse and $600 for each dependent. He also is permitted to subtract either the standard or itemized deduction from his gross income before the income tax applies.

Not so with social security taxes.

Social security taxes apply to the first dollar of wages earned and to every dollar earned up to the maximum taxable, $6,600 under H.R. 6675. No exemptions and no deductions from gross income are allowed before social security taxes are applied.

Social security taxes are not based on ability to pay. A $6,600 worker pays the same amount of tax as a $66,000 executive.

This is grossly unfair.

Last year Congress enacted an anti-poverty program designed to help those in low-income brackets, roughly those with $3,000 or less income a year.

Congress also reduced income taxes last year to relieve lower income-receiving persons of this burden. More than one and one-half million low-income-receiving persons were relieved entirely of paying Federal income taxes.

Yet H.R. 6675 proposes higher social security taxes, which hit lower income groups hardest.

This is very inconsistent to say the least.

But it is plain that a move for general revenue financing of the entire hospital insurance program would be overwhelmingly defeated in the Senate today. Too many are committed to the social security approach in support of the administration.

CONCERN FOR WAGE EARNERS

Nevertheless, I must express my concern for the wage earners of America. For, this hospital program is bound to expand and the burden on wage earners to increase.

Those who pay the hospital insurance tax will be men and women workers under age 65. During their working lives they bear the cost of feeding, clothing, and housing themselves and their families, of paying for an automobile and other necessities, of educating their children, and of buying life insurance and hospital and medical insurance to protect themselves and their families.

These workers will pay taxes for as long as 45 years or more.

Yet no worker will receive any hospital benefits under this bill until he reaches age 65—and then only if he becomes sick and needs hospitalization.

Meanwhile, 40 percent of all income in America subject to income taxes will escape social security taxation to pay for the hospital plan in this bill.

This is most unfair.

SUPPLEMENTARY INSURANCE PLAN

All persons past age 65 would have an opportunity to buy this insurance by paying $3 a month premium. The Federal Government would pay $3 a month to match this.

After paying an annual deductible of $50 toward costs of services incurred, the insured patient would pay 20 percent of any additional cost—the plan would pay 80 percent—of the following services:

First, physicians' including osteopaths and surgeons' services, whether furnished in a hospital, clinic, office, in the home or elsewhere;

Second, chiropractors' services;

Third, podiatrists' services;

Fourth, home health service for up to 100 visits each calendar year—with no prior hospitalization as is required under the basic hospital plan;

Fifth, diagnostic X-ray and laboratory tests and other diagnostic tests;

Sixth, X-ray, radium and radioactive isotope therapy;

Seventh, ambulance services; and

Eighth, surgical dressing and splints, casts, and other devices for reduction of fractures and dislocations; rental of durable medical equipment such as iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home, prosthetic devices—other than dental—which replace all or a part of an internal body organ; braces and artficial legs, arms, eyes, and so forth.

There would be a special limitation on the outside-the-hospital treatment of mental, psychoneurotic, and personality disorders. Payment for such treatment during a calendar year would be limited to $250 or 50 percent of the expenses, whichever is smaller.

SUPPLEMENTARY PLAN IMPROVES BILL

The inclusion in H.R. 6675 of an insurance plan to supplement the basic hospital plan is a definite improvement over last year's bill, which was limited to hospital-nursing home care under social security.

For a number of years, the King-Anderson hospital insurance approach, which forms the basis for the hospital insurance plan in this bill, has been correctly criticized as being woefully inadequate in terms of benefits for the aged.

Earlier versions of the King-Anderson bill would have covered only about 25 to 30 percent of the average medical expenses of older persons.

The skimpy benefits of the King-Anderson bills of 1962 and 1964 were among the main causes of my voting against these earlier plans. Instead, I

voted for medical care plans that were more comprehensive and gave greater benefits to those who really need financial help in meeting medical bills.

It is fair to say, I believe, that this criticism of King-Anderson has been very constructive. The supplementary insurance plan in the bill pending today would not be in this bill except for the exposure of the shortcomings of the King-Anderson plan.

America's senior citizens will have far greater financial assistance toward their hospital and medical bills under the two plans in this bill—because in the past many of us revealed King-Anderson to be inadequate.

So those of us who criticized King-Anderson served a useful purpose, for our criticism resulted in the addition of the supplementary insurance plan.

CONSOLIDATED MEDICAL ASSISTANCE PROGRAM

H.R. 6675 consolidates five existing medical assistance programs into one Kerr-Mills program with improvements.

This should greatly simplify administration of medical assistance for the needy, the indigent aged, the medically indigent aged, dependent children, the blind, and the permanent and totally disabled.

In addition, it should make possible better medical care program for them.

In the past, Federal old-age assistance has been available to provide medical care for those who are indigent. In 1960, Congress enacted the medical assistance for the aged program to help those who are normally self-supporting but who lack sufficient funds to pay their hospital, doctor, and medical bills. I voted for this program.

Since 1960, this program, known as the Kerr-Mills program, has been put into effect in 40 States, the District of Columbia, Puerto Rico, Virgin Islands, and Guam. During the brief life of this program so far, it has helped hundreds of thousands of sick people past 65.

Critics have lambasted this program. Yet no one today proposes to repeal the Kerr-Mills program. Instead, the pending bill, H.R. 6675, provides a more effective Kerr-Mills program for the aged and expands its coverage to the other four groups I mentioned, now cared for under other programs.

In order to make sure that certain basic medical care is available under the consolidated program, the bill specifies that, at the option of the State, by July 1, 1967, a State must provide inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physicians' services—whether furnished in the office, the patient's home, a hospital, a skilled nursing home, or elsewhere—in order to receive Federal funds.

Past experience revealed, that despite Federal old-age assistance and despite the Kerr-Mills assistance program, there remain a large number of Americans past 65 whose incomes are too large for them to qualify for these programs and too small for them to buy comprehensive health insurance which would protect them against costly illnesses.

As a member of the Senate Special Committee on the Aging, and as a Senator who has devoted much study to the problem of medical care for the aged, I have long been convinced that one of the greatest fears of older persons is an illness that could wipe out lifetime savings and result in destitution. I cosponsored legislation in the 86th, 87th, and 88th Congresses to provide financial assistance to older Americans for comprehensive health insurance.

One of the major purposes of H.R. 6675 is to reduce these fears of Americans past 65 and help provide them a bulwark against these hazards of illness and impoverishment.

While the bill does not do the entire job, it does a significant and important job.

MEDICAL BILLS ONLY ONE PROBLEM OF AGING

I would like to remind Members of Congress and the executive branch that the health provisions and social security liberalizations in this bill are but steps toward solving the serious problems of our Nation's senior citizens.

We in Congress, Federal departments, and agencies, and our State and local governments must not neglect other major problems of older Americans.

1. BETTER INCOMES

We must search for ways to improve further the income of our senior citizens so that they can live in dignity and self-sufficiency.

One forgotten group among our older people is the group that does not receive social security retirement benefits, nor railroad retirement benefits, nor military pensions, nor Federal Government retirement.

Congress has adjusted annuities for these latter groups of retirees from time to time because this is in the province of Congress. But those retired under many private systems or living off savings received no increases to keep pace with the rising cost of living.

2. HALT INFLATION

We must make far greater efforts to halt inflation, which is steadily eroding pensions and incomes and wages.

Inflation hurts most those with low incomes or fixed incomes. While the cost of living goes up and up, their incomes remain the same and their few dollars buy less.

Inflation is the root cause of the 7-percent social security increase provided in H.R. 6675.

3. BAN EMPLOYMENT DISCRIMINATION

Another problem of our older people demanding our attention is the discrimination against employing those who are ready, willing, and qualified to work.

The U.S. Department of Labor in June issued a lengthy report urging elimination of arbitrary age discrimination in employment.

To deny a person a job solely because of a policy that no one beyond a certain age shall be hired is bad practice. It hurts not only those past 65, but also those in much younger age brackets, even as young as 25.

4. OTHER AREAS

There are other areas of special concern to older Americans: housing; diseases of the aging; frauds, deceptions, and quackery aimed at older persons, and many others which demand our attention at all levels of Government.

So, while the bill H.R. 6675, we are voting on soon, is wide in scope and important, it is not the total answer to the problems of older Americans.

CONCLUSION

Mr. President, I wholeheartedly support the objectives of this bill to help the aged, children, blind and disabled persons, and needy Americans.

I agree existing programs are not meeting fully the need of many elderly people for financial assistance toward their medical expenses.

I believe it is wrong to provide medical care for those well able to pay their own medical bills.

I believe more assistance could be provided elderly people who really need help if the bill excluded those who do not need help.

I believe the tax burden on low-income people for medicare would be far less if medicare were financed out of general revenues, rather than social security taxes.

By tying this program to social security taxes 40 percent of the taxable income in America will escape the burden of helping to pay for a hospital-nursing home plan.

This means the tax burden is that much heavier on wage earners, self-employed, and employers.

But the majority of the Senate and the majority of the House of Representatives through established congressional procedures, have indicated they clearly favor the plan in this bill, which provides limited medical care for the aged, regardless of need, financed by social security taxes on wages, regardless of ability of wage earners to pay them.

Mr. President, I believe a far better medical care plan could be provided, but in view of the legislative situation and in view of the many, many necessary, long overdue, and humanitarian provisions of this enormous and complex measure, I shall vote to pass H.R. 6675.

I shall do so because I believe there is now a gap in protection of America's senior citizens against costly illness. This bill will help to fill that gap.

I shall do so because I believe the 7-percent social security increase is urgently needed by all those millions of Americans now receiving social security.

I shall do so because I believe social security programs need improvement to better help retirees, children, dependents, the disabled, and the blind. The bill has many provisions to improve social security.

I shall do so because I believe that through this legislation America is once again proving we are a Nation with a heart, throbbing with compassion for the sick, the aged, the deprived; that we are a Nation with a conscience that pricks

us to meet the human needs of our people; and that we are a Nation with the spirit and the will to make sure all Americans can live in dignity, free from fear of destitution.

H.R. 6675 is a milestone in our Nation's march toward greater progress and well-being for all Americans.

I shall vote for the bill.

Mr. President, I ask unanimous consent that a statement I have prepared on Hawaii beneficiaries and several tables from the Senate Finance Committee report on H.R. 6675 be printed in the RECORD at this point.

There being no objection, the statement and tables were ordered to be printed in the RECORD, as follows:

HAWAII

In Hawaii, it is estimated 3,000 people will receive increased social security monthly benefits, totaling $5 million a year under H.R. 6675.

An estimated 39,000 Islanders past 65 would be eligible to receive hospital-nursing home benefits under the basic plan when effective July 1, 1966. Benefits payments to them are estimated at $2 million a year.

An estimated 39,000 Islanders past 65 would be eligible to buy the voluntary supplementary insurance which would cover physicians' services and certain other medical services. Benefit payments are estimated at $1 million a year.

Total additional payments in Hawaii under these programs are estimated at $8 million a year.

*Summary table of full year benefit costs, number of persons affected, and effective date of items with cost importance in H.R. 6675, Finance Committee version*

| Item | Trust fund | General Treasury | Number of persons affected | Effective date |
|---|---|---|---|---|
| Health care programs (1967): | | | | |
| | *Millions* | *Millions* | | |
| 1. Basic hospital | $2,358 | $285 | 17,000,000 insured, +2,000,000 uninsured. | July 1966. |
| 2. Voluntary supplementary | | [1] 600 | 16,900,000 estimated [2] | January 1967. |
| 3. MAA liberalization | | 200 | 8,000,000 | January 1966. |
| Health care total | [3] 2,358 | 1,085 | | |
| OASDI amendments (1966): | | | | |
| 7 percent benefit increase | 1,470 | | 20,000,000 | January 1965 (retroactive). |
| Child's benefit to age 22 | 195 | | 295,000 children | Do. |
| Broader definition of child | 10 | | 20,000 children and mothers | 2d month after month of enactment. |
| Child disabled at ages 18–21 | 10 | | do | Do. |
| Reduced age for widows | (3) | | 185,000 widows | Do. |
| Special benefits at age 72 | 140 | | 355,000 aged | Do. |
| Disability definition | 40 | | 60,000 workers and dependents | Do. |
| Retirement test | 590 | | 850,000 | Taxable years ending after 1965. |
| OASDI total | 2,455 | | | |
| Public assistance and child health (1966): | | | | |
| Increase in formula | | 150 | 7,200,000 | January 1966. |
| TB and mental exclusion | | 75 | 100,000 to 150,000 | Do. |
| Maternal and child health, crippled children, special project grants, study. | | 61 | No estimate available | Fiscal 1966. |
| OAA income exemption | | 1 | do | Jan. 1, 1966. |
| MAA definition | | 2 | do | July 1, 1965. |
| Mental retardation projects | | 3 | do | Fiscal 1966. |
| Aid to families with dependent children earnings exemption | | 1 | 3,600 children | July 1, 1965. |
| Aid to the permanently and totally disabled earnings exemption | | 1 | 5,000 persons | Jan. 1, 1966. |
| Child welfare services | | 5 | No estimate | Fiscal 1966. |
| Public assistance total | | 299 | | |
| Grand total payroll insurance | 4,813 | | | |
| Grand total general revenue | | 1,384 | | |

[1] Based on an averaging of low- and high-cost estimates, and on averaging estimates of participation (87½ percent). Total benefit expenditure would be about $1,000,000,000 with participants contributing $600,000,000.

[2] 1st year benefit expenditures not reflected in cost table: $165,000,000 for widows' benefit, 1st year (no long-term cost); $600,000,000 in individual contributions for voluntary supplemental health plan.

[3] Excludes administrative cost.

*Tax rate, tax base, and tax amount applicable to employers, employees, and self-employed persons under the House and Senate Finance Committee versions of H.R. 6675—Basic hospital insurance program, 1965–87 and after*

| Year | Tax on employer, employee, and self-employed (each) | | | | | |
|---|---|---|---|---|---|---|
| | Under House bill | | | Under Senate Finance Committee bill | | |
| | Tax rate (percent) | Tax base | Tax amount [1] | Tax rate (percent) | Tax base | Tax amount [1] |
| 1965 | | | | | | |
| 1966 | 0.35 | $5,600 | $19.60 | 0.325 | $6,600 | $21.45 |
| 1967 | .50 | 5,600 | 28.00 | .500 | 6,600 | 33.00 |
| 1968 | .50 | 5,600 | 28.00 | .500 | 6,600 | 33.00 |
| 1969–70 | .50 | 5,600 | 28.00 | .500 | 6,600 | 33.00 |
| 1971–72 | .50 | 6,600 | 33.00 | .550 | 6,600 | 36.30 |
| 1973–75 | .55 | 6,600 | 36.30 | .600 | 6,600 | 39.60 |
| 1976–79 | .60 | 6,600 | 39.60 | .650 | 6,600 | 42.90 |
| 1980–86 | .70 | 6,600 | 46.20 | .750 | 6,600 | 49.50 |
| 1987 and after | .80 | 6,600 | 52.80 | .850 | 6,600 | 56.10 |

[1] For each self-employed person and employee with earnings or wage equal to or in excess of the tax base; employers pay same amount on behalf of such employees.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

*Tax rate, tax base, and tax amount applicable to employers and employees (each) under present law and under House and Senate Finance Committee versions of H.R. 6675—Old age, survivors, and disability insurance program 1965–87 and after*

| Year | Tax rate—Employer and employee (each) (percent) | | | Tax base | | | Tax per employee with wage equal to base wage under Finance Committee bill [1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Amount of tax | | | Increase under House bill | | Increase under Finance Committee bill | | |
| | Under present law | Under House bill | Under Finance Committee bill | Under present law | Under House bill | Under Finance Committee bill | Under present law | Under House bill | Under Finance Committee bill | Over present law | Over 1965 | Over present law | Over House bill | Over 1965 |
| 1965 | 3.625 | 3.625 | 3.625 | $4,800 | $4,800 | $4,800 | $174 | $174.00 | $174.00 | | | | | |
| 1966 | 4.125 | 4.000 | 3.850 | 4,800 | 5,600 | 6,600 | 198 | 224.00 | 254.10 | $26.00 | $50.00 | $56.10 | $30.10 | $80.10 |
| 1967 | 4.125 | 4.000 | 3.850 | 4,800 | 5,600 | 6,600 | 198 | 224.00 | 254.10 | 26.00 | 50.00 | 56.10 | 30.10 | 80.10 |
| 1968 | 4.625 | 4.000 | 3.850 | 4,800 | 5,600 | 6,600 | 222 | 224.00 | 254.10 | 2.00 | 50.00 | 32.10 | 30.10 | 80.10 |
| 1969–70 | 4.625 | 4.400 | 4.450 | 4,800 | 5,600 | 6,600 | 222 | 246.40 | 293.70 | 24.40 | 72.40 | 71.70 | 47.30 | 119.70 |
| 1971–72 | 4.625 | 4.400 | 4.450 | 4,800 | 6,600 | 6,600 | 222 | 290.40 | 293.70 | 68.40 | 116.40 | 71.70 | 3.30 | 119.70 |
| 1973–75 | 4.625 | 4.800 | 4.900 | 4,800 | 6,600 | 6,600 | 222 | 316.80 | 323.40 | 94.80 | 142.80 | 101.40 | 6.60 | 149.40 |
| 1976–79 | 4.625 | 4.800 | 4.900 | 4,800 | 6,600 | 6,600 | 222 | 316.80 | 323.40 | 94.80 | 142.80 | 101.40 | 6.60 | 149.40 |
| 1980–86 | 4.625 | 4.800 | 4.900 | 4,800 | 6,600 | 6,600 | 222 | 316.80 | 323.40 | 94.80 | 142.80 | 101.40 | 6.60 | 149.40 |
| 1987 and after | 4.625 | 4.800 | 4.900 | 4,800 | 6,600 | 6,600 | 222 | 316.80 | 323.40 | 94.80 | 142.80 | 101.40 | 6.60 | 149.40 |

[1] Employers pay same amount on behalf of such employees.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

*Tax rate, tax base, and tax amount applicable to self-employed persons under present law and under House and Senate Finance Committee versions of H.R. 6675—Old age, survivors, and disability insurance program 1965–87 and after*

| Year | Tax rate (percent) | | | Tax base | | | Tax per self-employed person with earnings equal to base earnings under Finance Committee bill | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Amount of tax | | | Increase under House bill | | Increase under Finance Committee bill | | |
| | Under present law | Under House bill | Under Finance Committee bill | Under present law | Under House bill | Under Finance Committee bill | Under present law | Under House bill | Under Finance Committee bill | Over present law | Over 1965 | Over present law | Over House bill | Over 1965 |
| 1965 | 5.4 | 5.4 | 5.4 | $4,800 | $4,800 | $4,800 | $259.20 | $259.20 | $259.20 | | | | | |
| 1966 | 6.2 | 6.0 | 5.8 | 4,800 | 5,600 | 6,600 | 297.60 | 336.00 | 383.80 | $38.40 | $76.80 | $85.20 | $46.80 | $123.60 |
| 1967 | 6.2 | 6.0 | 5.8 | 4,800 | 5,600 | 6,600 | 297.60 | 336.00 | 382.80 | 38.40 | 76.80 | 85.20 | 46.80 | 123.60 |
| 1968 | 6.9 | 6.0 | 5.8 | 4,800 | 5,600 | 6,600 | 331.20 | 336.00 | 382.80 | 4.80 | 76.80 | 51.60 | 46.80 | 123.60 |
| 1969–70 | 6.9 | 6.6 | 6.7 | 4,800 | 5,600 | 6,600 | 331.20 | 369.60 | 442.20 | 38.40 | 110.40 | 111.00 | 72.60 | 183.00 |
| 1971–72 | 6.9 | 6.6 | 6.7 | 4,800 | 6,600 | 6,600 | 331.20 | 435.60 | 442.20 | 104.40 | 176.40 | 111.00 | 6.60 | 183.00 |
| 1973–75 | 6.9 | 7.0 | 7.0 | 4,800 | 6,600 | 6,600 | 331.20 | 462.00 | 462.00 | 130.80 | 202.80 | 130.80 | 0 | 202.80 |
| 1976–79 | 6.9 | 7.0 | 7.0 | 4,800 | 6,600 | 6,600 | 331.20 | 462.00 | 462.00 | 130.80 | 202.80 | 130.80 | 0 | 202.80 |
| 1980–86 | 6.9 | 7.0 | 7.0 | 4,800 | 6,600 | 6,600 | 331.20 | 462.00 | 462.00 | 130.80 | 202.80 | 130.80 | 0 | 202.80 |
| 1987 and after | 6.9 | 7.0 | 7.0 | 4,800 | 6,600 | 6,600 | 331.20 | 462.00 | 462.00 | 130.80 | 202.80 | 130.80 | 0 | 202.80 |

Source: Staff of the Joint Committee on Internal Revenue Taxation.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG of Louisiana. Mr. President, it was the hope of a number of us, and it is still my hope, that there may be some prospect of completing action on the bill today. It seems to this Senator that the reason the Senate recently remained in session until December to do a 6 months' job was that it was within the power of any individual Senator to insist on debating a matter in the Senate at great length and keeping the Senate in session an extra day on the matter. By so doing, Senators often lose votes that they might have had in the beginning if they had not prolonged the debate. For example, there are Senators present today who would vote for amendments of a controversial nature who will not be present tomorrow to vote with the sponsors of the amendments.

I know that Senators feel strongly about such matters, and perhaps think that it looks good to their constituents back home to know that they spoke day and night to keep the Senate from doing something. I myself have done it on occasion, so I cannot complain about it. But it is the taking of 2 or 3 days' discussion that could have been done in 1 day that has caused the Senate to stay in session past Labor Day, into the fall, when it could have completed the job during the summer.

I hope Senators will give us cooperation. They are not going to change many votes. Senators know pretty well how they are going to vote on amendments. Senators have been discussing them over luncheon tables, in committee rooms, in the cloakrooms, and elsewhere, and they know how they are going to vote on the amendments. I hope Senators will cooperate in bringing their amendments to a vote as soon as possible.

As the Senator in charge of the bill, I ask Senators, if there are amendments we can discuss, and perhaps agree to accept, that they bring up such amendments. The floor managers have been most generous in accepting amendments that they believed contained merit.

With respect to the pending amendment, it is a committee amendment. It is not an amendment of any particular Senator. With respect to that amendment, I ask unanimous consent that we limit the time on it—I have done my best to clear it on the other side of the aisle—so that the time will be divided, 1 hour to be under the control of the Senator from Louisiana, and the other hour to be under the joint control of the two Senators from New York [Mr. JAVITS and Mr. KENNEDY].

Mr. JAVITS. Mr. President, reserving the right to object, I have only one reservation—and I am sure the Senator will agree—that a quorum call may be had during the debate without its being charged to either side.

Mr. LONG of Louisiana. Mr. President, I include that in my request.

The PRESIDING OFFICER (Mr. MONTOYA in the chair). Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 10 minutes.

Mr. JAVITS. There has already been some debate upon this question. I have little doubt that Senators know how they feel about it. When we find a provision in the bill which is so grossly inequitable, which is opposed by the Government departments concerned, which is completely out of relationship to the relationship between government and employees in respect of social security taxation, to let this complete hybrid be enacted without trying to do our duty, without trying to change it, would be a great mistake.

Every one of the adjective I have cited applies to what the Senate Finance Committee substituted for the House provision with respect to tips.

Let us first understand the issue. The bill as it came from the House required—I emphasize the word "required," because it is mandatory on the employee—that income an employee receives from tips must be declared for the purpose of both social security and income taxes every month. These declaration would be made through the returns which the employer already files for social security taxes on the wages to he pays the very same employee. An employee invariably receives a stated wage on which he and the employer pay social security tax and added to that, subject to the House provision, is a declaration so far as tip income is concerned.

There is no new return which the employer has to file. He is filing one, anyhow, for the particular employee.

The bill also contains provisions to protect the employer against having to pay out money for taxes on tip income not reported to him; and there are other matters with relation to income tax withholding which are not germane to the basic issue.

The basic issue is that as the bill came from the House, tip income is considered a part of the wage of the employee who is receiving the tips and those tips are taxed as wages. The mechanics of how he reports them, and so forth, are not material to this debate.

As the Senate committee has amended the bill, tip income must be declared as self-employed income rather than as a part of the wages. The big difference, insofar as the employee is concerned, is that in the case of the House provision the employer pays his share of the social security tax and the employee pays his share. In the Senate provision, the employee pays the entire amount. That is the only difference.

Thus, under the Finance Committee version, the employee pays 1½ times in social security taxes what he would pay under the House provision. This is the essence of the problem. As a practical matter, as the bill is now written, the employee, under the House provision, would pay 3.65 percent of his tips as a social security tax. Under the Senate provision, he would pay 5.4 percent of his tips as his tax, and that goes up—in 1973—to 4.8 percent under the House version, and 7 percent under the Senate version. Consequently, the employee is more heavily taxed.

In order to arrive at their provision, the Finance Committee adopted the most artificial basis possible; namely, to make tip income self-employment income.

Why do I say that it is the most inconsistent basis possible? In the first

place, let us understand that what my colleague [Mr. KENNEDY] and I seek to do is to try to retain the House provision and stop the Senate committee's attempt to strike it out and substitute the self-employment idea.

Not only do we say that the Senate substitute is a complete hybrid and has no relation whatever to the relations of employer and employee with regard to the tips of employees, but it is also opposed by the Treasury Department, the Department of HEW, and the AFL–CIO. In short, the Senate committee amendment flies in the face of everything the Government departments themselves believe should be done about the situation.

Mr. President, I ask unanimous consent to have printed in the RECORD that part of a letter signed by Stanley S. Surrey, Assistant Secretary of the Treasury, dated May 17, 1965, which relates to this amendment and which says, in part:

The Treasury Department strongly supports this measure—

Namely, the House provision.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY COVERAGE OF TIPS

HON. HARRY F. BYRD,
*Chairman, Committee on Finance,*
*U.S. Senate, Washington, D.C.*

A second provision of the bill which is of special concern to the Treasury Department is section 313. That section would treat tips received by employees from customers as wages for social security and income tax withholding purposes. Under present law, only regular wages of waiters, waitresses, and other employees whose earnings are principally from tips may be counted toward social security benefits. Since the wages of these employees are usually relatively low, they can qualify only for very limited benefits for themselves and their dependents. Also, the advantages of the pay-as-you-go income tax system are largely foreclosed to them. To deal with both of these problems, the Treasury Department and the Department of Health, Education, and Welfare, after considerable study, developed the measure now contained in section 313 of the bill. The Treasury Department strongly supports this measure. A memorandum is enclosed explaining in greater detail the operation of the section and the reasons for its enactment.

The Bureau of the Budget has advised the Treasury Department that there is no objection from the standpoint of the administration's program to the presentation of this report.

Sincerely yours,

STANLEY S. SURREY,
*Assistant Secretary.*

Mr. JAVITS. Mr. President, I also ask unanimous consent to have printed in the RECORD a memorandum on the House provision in which the Treasury Department states, in part, that the Treasury Department is opposed to the provision adopted by the Senate committee as section 313, which would cover tips under social security as earnings from self-employment "because it applies to inconsistent theory in taxing earnings on tipped employees for social security purposes and imposes unfair burdens on these employees."

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SECTION 313 OF H.R. 6675, COVERAGE OF TIPS

The Treasury Department supports the adoption of section 313 of H.R. 6675, as approved by the House, which would treat tips as wages for purposes of social security and of withholding for income tax. The Department is opposed to the provision adopted by the Senate[1] as section 313, which would cover tips under social security as earnings from self-employment, because it applies inconsistent theories in taxing earnings of tip employees for social security purposes and imposes unfair burdens on these employees.

The House provision recognizes that employers of individuals who receive a major part of their remuneration from tips paid by customers of the employers have an obligation to provide adequate social security coverage for their employees and to assist the Government in the collection of the social security and income taxes due from the employees on their tip income.

The House provision is a rational, equitable and workable method for the coverage of tips under social security. It would not impose any unusual financial burden on employers. Under section 313 employers of tip workers, like other employers, would be liable for only their share of tax on reported tips. As withholding agents, they would, again like all employers, be responsible for the employees' share of social security tax and income tax withholding only to the extent of funds of the employees within their control.

The Senate provision not only increases the social security tax liability of tip employees but it fails to provide for the collection of this tax, as well as of the income tax, on the pay-as-you-go system through withholding from current wages, a privilege which is available to all other employees. This is a double hardship on taxpayers whose individual earnings, on the average, are relatively low and who, because they receive this income from day to day in small cash amounts, find it difficult to budget for their annual tax liabilities.

The Senate provision contradicts long-established common law rules and concepts governing employer-employee relationships. The provision adopts the novel theory that an individual in a master-servant type relationship, while performing the same service, may be an employee for certain purposes and an independent contractor for other purposes.

There is now pending before each House of the Congress a proposal recommended by the President to amend the Fair Labor Standards Act so as to allow employers to take account of tips reported to them by employees in determining whether such employees are being paid the minimum Federal wage. (H.R. 8259 and S. 1986 (89th Cong.).) The proposal on tips in these two bills accords completely with the House provision on tips in H.R. 6675. Also, on June 28, 1965, the House by unanimous vote approved amendments to the District of Columbia Minimum Wage Act which would include tips within the definition of the term "wages" as used in this act.

If the Senate provision treating tips as self-employment income for social security purposes and the proposals to allow employers to treat tips as wages for purposes of the minimum wage laws were both approved, the Federal statutes would contain contradictory definitions of the same term (tips—self-employment income and wages). In each case, that definition most favorable to the employer and most unfavorable to the employee would have been chosen. The principal reason for this inconsistency in the law is to allow certain employers to continue to avoid social responsibilities that have been imposed on other employers for many years. The Senate provision, if adopted, would be a setback in the Government's continuing program for the improvement of the conditions of labor.

Employee representatives testified this year before the Committee on Ways and Means (page 869 of executive hearings on H.R. 1, the social security bill) that it would be better not to have any legislation on tips than to have legislation treating tips as self-employment income for social security purposes.

A more detailed statement is attached which explains why the House treatment of tips as wages is the only fair and workable system to cover tips under social security and the withholding provisions of the income tax.

JULY 7, 1965.

[1] The Senate provision refers to the provision adopted by the Senate Finance Committee.

Mr. JAVITS. Mr. President, I also ask unanimous consent to have printed in the RECORD a digest of the Treasury Department's views entitled "Coverage of Tips," the subject to which I shall be referring in the course of my remarks, together with a copy of a letter from Douglas Dillon, then Secretary of the Treasury to the chairman of the House Ways and Means Committee, and a memorandum on this subject prepared by the Department of Health, Education, and Welfare.

There being no objection, the digest, memorandum, and the letter were ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT VIEWS ON H.R. 6675, 89TH CONGRESS, SECTION 313: COVERAGE OF TIPS

DESCRIPTION OF COVERAGE OF TIPS IN H.R. 6675

Beginning in 1966, employees who in the course of work with any one employer receive at least $20 in cash tips in a month would be required to report their tips in writing to the employer. This report would have to be made at least by the 10th day of the month following the month in which the tips were received. More frequent reports could be required by employers and the bill would authorize employers to gear these tip reports to their payroll schedules. The employer would add the amount of reported tips to the employee's wages. He would withhold from the wages the employee's share of the social security tax and the appropriate amount of income tax due on the combined amount of tips and wages. The employer's liability for his share of the social security tax on tips would be limited to those that are reported on time and even as to these he would be responsible for his tax only to the extent that he had enough unpaid wages due the employee or funds turned over by the employee to cover the employee share of the tax.

The bill would require employees to turn over funds to the employer to cover the employee share of the social security tax whenever the appropriate amount of tax could not be withheld because of insufficient unpaid wages. This is a most unlikely situation however. See discussion on page 4 regarding adequacy of wages to cover both social security tax and income tax withholdings. In any case in which an employee failed to report tips or failed to make additional funds available if needed, the employee would be required to pay both the employer's and employee's share of the social security tax. With regard to the withholding of income tax, an employee would not be required to turn funds over to his employer to make sure the full amount of tax due is collected from month to month as in the case of the social security tax. The employer, however, would withhold throughout the year whatever he could from wages. The employee would, of course, be responsible to pay the full amount of income tax either in quarterly installments or with his return at the end of the

year to the extent that withholding did not cover his full liability.

BACKGROUND

The Congress has considered various proposals to cover tips under social security since 1950. In that year, during the 81st Congress, a bill (H.R. 6000), which later became the Social Security Amendments of 1950, came before the Committee on Finance with a provision which would have treated tips received in the course of employment as remuneration paid to the recipient by his employer. The bill would have required employees to report in writing to their employer by the 10th day after the end of a quarter all tips received during the quarter. The committee stated in its report on the bill that it believed such a change in the law would introduce administrative complications and it did not accept the proposal (S. Rept. No. 1669, 81st Cong., 2d sess., 17).

Since 1950, many proposals on tips have been introduced in both Houses and many of these, at some time or other, have been before one or the other or both of the tax committees. The Treasury Department and the Department of Health, Education, and Welfare have examined and studied carefully all of these proposals. Studies of various other suggestions and alternatives for extending social security and income tax coverage to tips have also been made. In 1958 the Committee on Ways and Means gave serious consideration to a proposal based on a system of reporting by employees similar to that it had approved in 1950. The committee, however, was unable to satisfy itself that the plan would be workable on a national scale and it requested the two Departments to further study the problem (H. Rept. No. 2288, 85th Cong., 2d sess., 7). In 1960 the Departments recommended a proposal which combined a system of reporting of actual tips with a formula for estimating tips when the actual amount was not known to the employer. This plan was also rejected because the committee could not arrive at a formula that it considered equitable when applied to all regions of the country. The extensive discussions of the formula approach in committee convinced this Department and the Department of Health, Education, and Welfare that the only acceptable solution to the problem would be one which used as a base for the tax and benefits computations the actual amount of tips received by an employee and that it had become essential to devise a workable system to accomplish this.

At about this time, employee groups had become interested in getting tips covered under social security because, as the result of tip drives by the Internal Revenue Service, more and more employees were beginning to report their tips for income tax. Employers, as a matter of self-interest, had always urged that tips should be recognized as earnings from self-employment and taxed at the self-employment rate. Tips, however, are in reality remuneration for services rendered in an employment relationship and thus cannot legally be regarded as self-employment income. Moreover, it is common knowledge that in setting wages of employees who customarily receive tips employers take account of the tips. This is apparent from the terms of bargaining agreements covering nontip as well as tip employees. Tips, accordingly, are part of the wage pattern in certain industries and they should be treated as wages for all purposes. (See discussion below of minimum wage laws.) It would also be unfair to tax tips at the self-employment rate, which is one and one-half times the employee rate of tax on wages, if tips are in fact wages.

It has sometimes been suggested that, since tips are paid directly to employees, and employers have no interest in knowing how much is received in tips, employees should report the tips directly to the Internal Revenue Service and pay the employee share of the tax due on the tips with this report. The Service would then bill the employer for his share of the tax on the basis of the employee report. Although this system appears simple it has no advantage for anyone. Employees would be burdened with keeping records for 3-month periods, filing quarterly reports and computing their own tax liability. The Internal Revenue Service would be burdened with many more wage reports to process and would have to collect the employer tax 1 year or more after the tips were claimed to have been received. Finally, employers would be at a disadvantage in contesting their liabilities in view of this timelag. Employee groups originally suggested a plan of this type, but they have since realized its shortcomings for all concerned and are no longer urging it.

THE PROPOSAL IN H.R. 6675 IS REALISTIC

In developing the proposal which is now in H.R. 6675, the Department of Health, Education, and Welfare and the Treasury inquired concerning the operations, especially the pay and bookkeeping practices, of businesses where tipping is customary. All the various objections made by employers against the adoption of a system of reporting of tips by employees such as the one in H.R. 6675 have also been considered carefully. Many modifications were made in the original recommendation as the result of these employer comments and studies. The proposal as it now stands makes no unnecessary or unreasonable demand on employers. The system of reporting required under H.R. 6675 is as simple and efficient as it can be in view of the nature of tips and the objectives of the proposal, which are: more comprehensive social security coverage of over a million workers and their dependents and better reporting and easier payment of income tax liability on tips.

TIP REPORTS CAN BE GEARED INTO THE PAYROLL

Employers will have a great deal of freedom in determining the frequency and the manner in which employees report their tips. The only requirement is that at least one report be filed for each month by the 10th day of the following month. Also, within any quarter withholdings for social security and income taxes may be made at a predetermined and constant rate for each pay period, provided that before the end of the quarter the amounts withheld be adjusted to reflect the taxes due on the actual amounts of tips reported during the quarter. This will allow large employers whose payrolls are prepared with the aid of business machines to gear the tip reports into their payrolls. The addition of tips to wages will require some additional recordkeeping, but since employers are already withholding and reporting to the Internal Revenue Service social security and income taxes on wages the basic records are already in existence and the procedures are well established. The additional work required should be manageable.

WAGES ARE ADEQUATE TO COVER WITHHOLDING FOR TIPS

An argument which employers frequently assert against the tip proposal in H.R. 6675 is that wages of tip employees are generally so low that in most cases there will not be enough to cover the social security and income taxes that should be withheld. The facts have been examined carefully and there would appear to be no real basis to this argument. Surveys of hotels and eating and drinking places conducted in 1961 and 1963 by the Bureau of Labor Statistics (Bulletins No. 1328, 1329, 1400, and 1406), show that, although regular wages of tip employees in these industries are relatively low, in the great majority of cases the wages would be more than adequate to cover the social security and income taxes which would have to be withheld under the terms of the bill.

The allegation that wages paid to tip employees will generally not be sufficient to cover the full amount of taxes that would have to be withhheld is based on an overestimation of the amounts of social security and income taxes that are collected on wages. The current combined rate of withholding is approximately 18 percent (3⅝ percent for social security and 14 percent for income tax); next year it would be exactly 18 percent under the new rates proposed in the bill. At the current rate, a weekly wage of only $15 would be sufficient to pay the taxes on $15 in wages plus $75 in tips, or total weekly earnings of $90. A weekly wage of $15 would represent an average hourly wage of 37½ cents (only 9.3 percent of all waiters and waitresses in the United States received in 1963 an average hourly wage under 40 cents) for a 40-hour workweek (84 percent of restaurant workers in the United States work 40 hours or more per week). Weekly tips of $75 represent earnings at the rate of $1.50 per hour during a 48-hour week or $1.87 per hour during a 40-hour week. In the 1961 Bureau of Labor Statistics survey of eating and drinking places, the only survey with tip data, only 40 percent of waiters and waitresses in large metropolitan areas surveyed were reported to earn $1.25 and over an hour in tips. Because the survey was primarily interested in the lower paid workers, tabulations were not made beyond $1.25. These illustrations are submitted to show that even at the lowest end of the pay scale enough wages would ordinarily be available to an employer from which to withhold the social security and income taxes due on tips. A more typical example would have an employee earning a weekly wage of $32 (on the basis of 81 cents per hour, the average wage of waiters and waitresses in the 1963 survey). Such a wage would approximately cover the taxes on combined earnings in wages and tips of $200 a week.

EMPLOYERS KNOW APPROXIMATELY WHAT EMPLOYEES EARN IN TIPS

It has also been claimed that employees want no part of a plan of social security coverage which will require them to disclose the amount of their tips to the employer because, it is reasoned, if employers knew how much tips employees receive they would want to reduce the already low regular salary paid to employees. This argument assumes that employers are ignorant of the amounts received by their employees. This may have been true years ago, but today tipping habits are fairly uniform and well known. Moreover, more and more tips are being paid through employers by users of credit cards so that employers have a fairly accurate knowledge of the sums received by their employees. Another recent development which has contributed to the general knowledge concerning tips has been the publicity attending trials of taxpayers charged with understating their tip income. In these cases, various formulas have been applied by the Commissioner of Internal Revenue to determine the amount of unreported tips and determinations fixing tips at levels between 10 percent and 15 percent of the price of meals served have generally been upheld by the courts.

TIPS AND THE MINIMUM WAGE LAW

Employers have argued that the coverage of tips under social security would be unfair to them so long as they are prevented, under certain State laws, from taking tips into account in determining whether a minimum wage is paid. At present, there is no uniformity among the States on the treatment of tips under State minimum wage laws. Of the 36 States having minimum wage laws, 14 now prohibit the counting of tips. At the last session of the Congress a bill (H.R. 9824) was introduced in the House which reflected the administration's views that tips should be counted toward the minimum wage where they are

accounted for by an employee to the employer. It is believed that the adoption of Federal legislation including tips under social security would be influential on the States to also modify their laws to permit the counting of tips for minimum wage purposes.

In any event, after tips are covered under social security employers will be in a better position to demand the amendment of State minimum wage laws to take tips into account. This argument was influential in the final decisions made this year by the Ways and Means Committee.

THE TAX RECEIPT ARGUMENT

The inclusion of a provision in H.R. 6675 requiring the withholding of income tax on tips reported to the employer has caused employers to comment that because of the low wages paid to these employees no cash wages will be left after all the taxes are withheld and instead of wages employees will receive, in their pay envelope, only a receipt showing the taxes withheld. The implication in this argument is that employees think of wages only in terms of take-home pay and if no cash wages remain after taxes are collected the employers will be pressed for an increase in wages. This is largely an educational problem which employers and employees must face. It is not at all certain that employees will be unhappy to have their income tax on tips collected on the pay-as-you-go withholding system. It seems almost incontrovertible that employers will find that the majority of their employees would consider the proposed arrangement very helpful. Certainly the current furor over slight amounts of underwithholding for 1964 and the growing consensus for graduated withholding indicate that taxpayers prefer paying taxes on a pay-as-you-go basis. Another answer to this objection of employers is that, as was pointed out earlier, although wages of tipped employees are relatively low, they are not so low that all cash wages of workers will be needed to cover the taxes to be withheld. On the contrary, these cases will be the exception rather than the rule.

WITHHOLDING IS THE ONLY HUMANE WAY OF COLLECTING INCOME TAX ON TIPS

The chief argument in favor of withholding of income tax on tips is that this is the only humane way to collect the income tax from the low-bracket taxpayers. It is expected that once tips are covered for social security there will be better reporting of tips for income tax. In view of this, it seems only fair to afford employees who receive most of their earnings from tips the opportunity available to other employees to pay their income tax currently by having the tax due on the tips withheld from regular wages. Without withholding, tip employees will be forced into paying their tax in quarterly installments. This method of payment is usually reserved for more sophisticated taxpayers, professionals or the wealthy who receive large amounts of income in dividends or interest. For the low-income taxpayer the filing of estimates of income and making quarterly payments would be a hardship which could subject them to penalties. Many of them would find it difficult to budget in order to meet the quarterly payments which can be substantial.

Since tips are an integral part of the compensation of persons engaged in certain occupations, it is reasonable that this form of compensation should be treated as wages and that employers, who take account of tips in setting the wages of these employees, should also be required to assume the burden of withholding on tips. This burden would only be one of bookkeeping since employers would never be required to advance their own funds for the payment of employee tax liability. Their obligation to withhold would always be limited to the cash wages or other funds of the employee under their control. Withholding of income tax on tips will make the payment of taxes much easier on employees. It will increase the revenue collections and at the same time reduce the number of costly administrative and legal collection procedures that are now required to enforce the payment of income taxes on tips.

UNDERREPORTING OF TIP INCOME

Tips are one of the few sources of income which under our self-assessment system continue to escape effective taxation. Enforcement activities of the Internal Revenue Service have been only moderately productive in this area. After many years of continuous efforts to educate tip recipients to their obligation to report and pay taxes on their tipes, the Service is convinced that the only recipients reporting tips with any degree of regularity and accuracy are those who, in prior years, have had their returns examined, had substantial deficiences assessed against them and know that their returns continue to be examined.

Field offices of the Service were contacted recently for information regarding tip-enforcement activity. Reports were received from offices covering the north central, south and southwest States, the only regions conducting special tip drives in recent years. In 1 large northern city in 1964 group examination of employees of 5 restaurants and 2 hotels revealed that of 154 employees who would normally be expected to receive tips practically no one had reported any tips. Following this examination, 40 percent of these taxpayers agreed to deficiencies averaging $460. The other cases involved deficiencies averaging $600. These cases have not yet been settled. At the same time and in the same city, 62 beauticians working in department stores agreed to deficiencies averaging $200 on account of tips received over 2- or 3-year periods. Some 33 others had been assessed deficiencies averaging $400 over similar periods.

In a large city in the South, 552 returns of waiters and waitresses were examined in 1960 and 1961 resulting in deficiencies being assessed in the total sum of $132,222. This represents an average deficiency per return of approximately $240. In the same period, 316 returns of beauticians at downtown shops and department stores were examined and deficiencies were assessed in the amount of $45,234 for an average deficiency per return of about $140. In a city of the Southwest, examinations were made in 1962 of 420 returns of the tip employees at 2 hotels (waiters, waitresses, bellhops, et al.). More than 50 percent of these returns showed no tip income whatever. As a result of this examination, deficiencies averaging $200 per return were assessed against these employees for a total deficiency of $83,614.

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MARCH 11, 1965.

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,*
*House of Representatives,*
*Washington, D.C.*

DEAR MR. CHAIRMAN: I understand that your committee now has provisions in H.R. 1 that would extend social security coverage to tips and would make tips subject to withholding of income tax by employers.

We have examined and weighed carefully comments and objections raised against this and other similar proposals, and we are convinced that the present provisions that your committee is now considering are sound, that they are administrable and that they are fair. Over the years many other alternatives have been considered, and we have found all of them lacking in some important respect.

I believe it is only fair that employees whose earnings are largely from tips should be permitted to have all of these earnings included under social security, like other employees, and that this should be done under the employer-employee systems rather than the self-employment system. I also believe that consideration for the modest circumstances of the majority of tip workers demands that they be granted the advantages of the pay-as-you-go system for paying their income taxes.

For these reasons I am most pleased to hear that your committee is giving this proposal the consideration which I think it deserves.

Sincerely yours,

DOUGLAS DILLON.

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MEMORANDUM PREPARED BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON COVERAGE OF TIPS

House-Senate difference:

House: Covers tips as wages.

Senate: Covers tips as self-employment income.

Department position: Favors House provision.

Considerations:

1. The social security taxes that employees would have to pay on their tips if they were covered as income from self-employment would be substantially more than if their tips were covered as wages. Yet the income to the social security trust funds would be less, because if tips were covered as wages the employer would match the employee's share of the tax.

2. On principle, it does not seem fair to require tipped employees to pay the higher self-employment tax rate on earnings that are related to their services as employees, or to relieve employers of tipped employees of their responsibility to pay their share of the social security taxes due on the earnings of their employees.

3. Many employers of tipped workers favor including tips as wages under State minimum wage laws and under the Fair Labor Standards Act. If tips were counted as income from self-employment for social security purposes it would be difficult to justify treating them as wages for purposes of the minimum wage laws. Requiring employees to report their tips to their employers for social security purposes would overcome a major difficulty in the way of counting tips as wages for minimum wage purposes.

4. If tips were covered as income from self-employment, amounts totaling less than $400 a year could not be reported. Some tipped employees might fail to report their tips as self-employment income if their income was not high enough to require them to pay income tax. Others might file only the short income tax return form, and fail to include the separate self-employment tax return. Requiring the employee to report his tips to his employer at least once a month and requiring the employer to withhold the social security tax on tips is the most effective way to get reports of tips and to collect the tax.

5. Employees with tip income ought to have the opportunity to pay their taxes currently on a pay-as-you-go basis, as other employees do. Employees, especially those with relative low income, find it burdensome to pay their taxes in large lump-sum payments.

Cost: To be obtained.

TREATMENT OF TIPS UNDER STATE MINIMUM WAGE LAWS

There are only 14 States that have operative minimum wage laws covering the customary tipping occupations and that do not make any allowance for tips. Another 13 States cover the customary tipping occupations by operative minimum wage laws, but either permit counting tips toward the minimum wage or set a lower minimum wage rate for workers in tipping occupations.[1] The remaining 23 States do not have operative minimum wage laws covering the customary tipping occupations: 16 do not have minimum wage laws; 4 have inopera-

tive minimum wage laws (the laws provide for establishing minimum rates, but no action to implement them has been taken); and 3 have operative minimum wage laws that do not cover the customary tipping occupations.

I. Fourteen States that cover tipping occupations by operative minimum wage laws make no allowance for tips:

1. Alaska.
2. Arkansas.
3. California.
4. Colorado.
5. Hawaii.
6. Idaho.
7. Kentucky.
8. North Dakota.
9. Oregon.
10. South Dakota.
11. Utah.
12. Washington.
13. Wisconsin
14. Wyoming.

II. Thirteen States that cover tipping occupations by operative minimum wage laws do make allowance for tips:

(a) Seven States permit counting tips toward the minimum wage:

1. Connecticut.
2. Michigan.
3. Minnesota.
4. Nevada.
5. New York.
6. Pennsylvania.
7. Rhode Island.

(b) Six States set lower minimum wage rates for tipping occupations: [1]

1. Massachusetts.
2. New Hampshire.
3. New Jersey.
4. New Mexico.
5. Ohio.
6. Vermont.

III. Twenty-three States do not have operative minimum wage laws covering the customary tipping occupations.

(a) Sixteen States do not have minimum wage laws:

1. Alabama.
2. Delaware.
3. Florida.
4. Georgia.
5. Indiana.
6. Iowa.
7. Maryland.
8. Mississippi.
9. Missouri.
10. Montana.
11. Nebraska.
12. South Carolina.
13. Tennessee.
14. Texas.
15. Virginia.
16. West Virginia.

(b) Four States have inoperative minimum wage laws (the laws provide for establishing minimum wage rates, but no action to implement them has been taken).

1. Illinois.
2. Kansas.
3. Louisiana.
4. Oklahoma.

(c) Three States have operative minimum wage laws that do not cover the customary tipping occupations.

1. Arizona.
2. Maine.
3. North Carolina.

TREATMENT OF TIPS UNDER THE FAIR LABOR STANDARDS ACT

*Present law*

The minimum wage provisions of the Fair Labor Standards Act do not now generally apply to industries where there are a substantial number of tipped employees. In general, the Fair Labor Standards Act applies to employees engaged in interstate commerce or in the production of goods for interstate commerce, and to employees of certain large enterprises that are so engaged. The types of industries covered by the Fair Labor Standards Act are warehouses, factories, construction companies, transit companies, and department stores. The largest group of tipped employees covered by the Fair Labor Standards Act are railroad terminal employees who carry baggage (redcaps). Although the Fair Labor Standards Act does not contain any reference to tips or gratuities, the United States Supreme Court established the precedent for the treatment of tips under the Federal minimum wage law in the 1942 case of *Williams et al.* v. *Jacksonville Terminal Co.* To the extent that tips are accounted for by the employee to the employer in the industries covered by the act, they are treated as wages under the act. The Federal law does not apply to restaurants and hotels or other small retail establishments.

*Bill to cover tips under the Fair Labor Standards Act*

On January 31, 1964, Representative JAMES ROOSEVELT introduced H.R. 9824, a bill which would amend the Fair Labor Standards Act of 1938, as amended, to extend the minimum wage and overtime protection of the act to approximately 738,000 workers, over half of whom work in small retail establishments, such as restaurants and food service establishments and hotels, where tipping is prevalent. The bill also contained a provision under which tips would be counted toward the minimum wage if they were accounted for to the employer or received through him.

From February 7 through April 6, 1964, the Subcommittee on Labor of the Committee on Education and Labor of the House of Representatives held hearings on H.R. 9824. At the beginning of the hearings, Representative ROOSEVELT, chairman of the subcommittee, announced, "This bill, of course, is the bill representing the views of the administration and the requests of the administration." On April 9, the subcommittee went into executive session, and on June 25, 1964, the subcommittee ordered a clean bill, H.R. 11838, favorably reported to the full committee. Representative ROOSEVELT introduced H.R. 11838 on June 30, 1964. No further action has been taken on the bill, and the administration has not expressed any views on it.

There are several differences between H.R. 9824 and H.R. 11838. The major change is that a separate administration bill which would increase the rate of pay for overtime work has been incorporated into H.R. 11838. The coverage of the small retail establishments in which large numbers of tipped employees work has been retained in the clean bill. The provision under which tips would be counted toward the minimum wage has been substantially altered. Under H.R. 11838, the Secretary of Labor would determine the average value of tips "for defined classes of employees and in defined areas," and this amount would be counted toward meeting the minimum wage requirement. The Secretary could use amounts set by State minimum wage laws if he deemed them appropriate. Where the employee accounted for tips, or was paid tips through the employer, that amounted to more than the applicable average as determined by the Secretary, the amount reported could be used; otherwise the average would apply.

CONSIDERATIONS AGAINST COVERING TIPS AS INCOME FROM SELF-EMPLOYMENT

I. Tax aspects:

(a) Employees would pay substantially more than the employee rate on the tip part of their income; this would take a significant amount of their pay and be a hardship on these employees who generally have low income.

(b) Income to the trust funds would be less because employers would pay no tax and the amount of tips reported would be less; income tax collections would probably be less than if the tips were covered as wages.

(c) It does not seem reasonable that employers should be relieved of the obligation to pay their share of the social security tax, and they should assist the Government in collecting the social security and income taxes due on tips received by their employees.

(d) Tipped employees should have the opportunity to pay their taxes on a pay-as-you-go basis through withholding from current wages, as is the case for other employees.

II. Amount of protection: Covering tips as income from self-employment would not result in as much protection for tipped employees as would be obtained under the House-passed provision. Many of the tipped workers who wouldn't get full protection would be those who need protection the most.

(a) There would be no withholding of the social security tax; employees would have to ployers should be relieved of the obligation pay substantial amounts in a lump sum.

(b) Employers would not have the responsibility of making reports of employees' tips.

(c) Employers would not have occasion to pass on the amount of tips reported by employees.

(d) Some employees would report a small part or none of their tips to minimize or escape paying social security and income taxes; they would find it difficult to pay the full amount in a lump sum.

(e) Some would not need to pay income tax and would not file an income tax return.

(f) Some would file the short income tax form (or long form) without a Schedule C or without including tip income.

(g) Since social security taxes were withheld from regular wages, some would feel they had "paid enough"; this would be particularly true if they were insured and could qualify for an average benefit based on regular wages.

(h) Employees would be required to file a more complicated tax return.

(i) Some employees would be indifferent to filing tax returns; some tipped workers have never filed in past years.

(j) Some would not know to file or would have difficulty filing—many tipped workers are foreign-born or have little education; some would have to pay to have the returns prepared.

(k) Tax enforcement for low-income workers is expensive in view of the amount of tax involved.

(l) Since amounts less than $400 would not be covered, benefits would be less than if tips were covered as wages.

(m) Some employees would find it difficult to distinguish between tips and service charges under the advance agreement ruling.

(n) Employers might be tempted to shift certain payments now wages, such as service charges, to "tip" status.

III. OASDI program philosophy:

(a) Tips received by an employee in the course of performing services for his employer under the usual employer-employee relationship should be defined as wages.

(b) If tips were covered as self-employment income, employees would be paying two types of social security taxes (at different rates) on earnings from the same activity; while performing the same service, they would be an employee for certain purposes and an independent contractor for other purposes.

(c) Tips received by employees should be treated the same as the regular wages they receive for purposes of the retirement test.

[1] The District of Columbia and Puerto Rico also set a lower minimum wage rate for workers in tipping occupations.

(d) Tips received by employees have always been thought of as wages and some tips are now covered as wages. Tips that are now covered as wages should not be covered as income from self-employment.

(e) For income tax purposes, tips have consistently been considered employee income and some tips are wages for income tax withholding; all tips received by employees are reported as employee income on form 1040.

IV. Impact on other employee programs: Tips are considered wages under workmen's compensation laws, unemployment insurance laws, and minimum wage laws.

(a) Covering tips as self-employment income would tend to reduce protection for tipped workers under other programs. It would be a setback in the Government's continuing program for the improvement of the conditions of labor.

(b) There would be confusion if tips were wages under other programs and self-employment income under social security.

V. Administrative problems:

(a) There would be about a million extra self-employment returns (schedules C) to process; if tips were wages, tip income would be included on the same report as non-tip wages.

(b) Since annual self-employment tax returns would be involved, there would be more problems when social security claims were filed.

(c) There would be difficulties in applying the retirement test. Income would be divided between wages and self-employment income; it would be difficult to avoid inequities under the monthly measure of retirement. An employee might object to being assessed deductions under the substantial services test if his total earnings were no more than $100 in a month. Substantial services would require investigation.

(d) There would be an impact on eligibility requirements; employees could get four quarters of coverage by working in one quarter of the year.

(e) There would be difficulties with respect to determining the amount of expenses that could be attributed to tips that would be considered earnings from self-employment. Part of the employee's expenses would relate to earning his regular wages. Some tipped employees work on more than one job and their tips would be covered as wages on one job and as income from self-employment on another.

Mr. JAVITS. Mr. President, in short, the Senate is being asked to adopt a provision notwithstanding and over the objections of the Treasury Department, the Department of HEW, and the trade unions involved.

How often do we hear the Senator in charge of the bill say that we cannot do this by way of amendment because the Government departments say it is impractical?

This is a case where the Senate committee is going in exactly the other direction.

I believe that the argument against the position which is taken in the Senate version of the bill is so persuasive that we just have no business allowing the provision to go uncorrected.

The first point made by the Treasury Department is that tip income represents remuneration of the employee as wages, and that when the employer of a tipped employee arranges for that employee's wages, he invariably considers and includes the fact that the employee will be receiving tips as a part of the reason for setting a certain wage.

The best proof of that is in the recent survey conducted by the U.S. Department of Labor, which has been filed with Congress, dated January 1964. It is clear that the hourly wages of tipped employees as compared with the hourly wages of non-tipped employees are set after taking tips into consideration. The hourly wages—and I refer to the report at page 25—the average hourly wage paid to non-tipped employees in the same establishment where other employees are tipped is $1.34 per hour. The wage for employees in the very same establishments who customarily receive tips is 81 cents an hour—in other words, one-third less.

Mr. President, this makes crystal clear what the Treasury Department has stoutly maintained, namely, that tip income is wage income and is allowed for as wage income when wages in these industries are fixed.

It seems to me that is a conclusive reason for retaining the House language. If any other were needed, I point out that there are some 13 States which take into consideration the tips that employees receive when determining the minimum wage, so that an employer is deemed to be paying an employee the minimum wage when that employee receives both the amount the employer pays him and tips.

This is a critically important fact, because this is the practice, not the theory.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 additional minutes.

Mr. JAVITS. Mr. President, this is an important point. I point out to Senators who feel strongly about the committee provision that they may very well be fooling themselves, because if this is self-employed income it will not continue to be counted as a part of the minimum wage, even in those States which allow it.

Hence, employers who are now a strong lobby in opposition to the House provision—and I say that from my own personal knowledge, not from anything I have heard—do so under some mistaken notion that if they defeat the House provision, it will save them recordkeeping time, and of course will save them one-half the social security tax. I point out to those employers that in such populous States as my own State of New York and in Pennsylvania, the minimum wage in this industry will have to be increased if tips are to be classified as self-employment income. That applies also to six other States which allow a lower minimum wage for employees who are tipped. Those States include such populous States as Massachusetts, New Jersey, and Ohio.

Mr. President, this is a serious aspect of the situation. The Treasury Department points it out. I believe we would be extremely remiss in our responsibilities, indeed, if we were to fly in the face of that fact.

One other thing that is very important is that the employees, it is said, may prefer the existing system. In the first place, from my own experience with hundreds of tipped employees in the State of New York, that is not so. Every trade union of employees wants the tip business regularized and to have the tips treated as wages, as they should be treated.

Beyond that, we do not want to be parties, after the long, trying period we have had in dealing legitimately with tips, to making it easier for employees who receive the tips to avoid paying not only social security tax, but also their income tax. This is distinctly tied to the income tax, and it is mandatory under both the House provision and the Senate provision.

It is perfectly incomprehensible to me that the Congress should not wish to extend itself very strongly in order to develop a system, now approved by the Treasury Department and the Department of Health, Education, and Welfare, which will, as nearly as we can, make foolproof the Government's not being deprived of either income taxes or social security taxes.

So, Mr. President, it seems to me that the case we make is, for all practical purposes, irrefutable. The only question is, Will the restaurant owners succeed in persuading Members of the Senate, to reject a system which has been developed and approved by the other body and approved by Government departments, and which will at long last regularize what has been so completely irregular?

I believe it is to the great credit of the hotel and restaurant workers and their trade unions that they are fighting for honesty, while the Senate seems to take the attitude, if it lets the amendment stand, that these employees do not want to make their full contribution, as the House contemplated, based upon a plan developed by the Government departments, with the greatest expertise in this field.

I have not undertaken this task lightly. I understand fully what it means to a number of restaurateurs, who may be very unhappy with me. However, in such restaurants I pay my bill, and I think I will still be welcome.

I cannot for the life of me see how we can fly in the face of regularizing what has been so unhappily and miserably irregular, and which is now proposed to us by both the House of Representatives and the Government departments, because we are asked to listen to what I think is a very shortsighted attitude on the part of the restaurateurs.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 more minute.

Normally, logically, and properly, the social security taxes are wages of the employees. The restaurateurs know as well as we do that the tips are included in the wages of the employee, as is shown by the difference between the wages paid to tipped and nontipped employees.

I hope very much that the Senate will not allow itself to be used in this way, and that the committee amendment will

be defeated. If it is defeated, it will result in leaving the House provision as it is; and at long last a regularized and honorable plan will be the order in the United States for tipped as well as non-tipped employees.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. JAVITS. I am on limited time, but I am happy to yield to the Senator from Nebraska.

Mr. CURTIS. If the House language is restored, will it not mean that an employee——

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. JAVITS. I yield myself 1 additional minute.

Mr. CURTIS. Will it not mean that the employer will have to pay a tax on money that never went through his hands?

Mr. JAVITS. In the first place, he will actually not have money in his hands, except that he will have in his hands the money with which to pay the employee's social security tax.

Mr. CURTIS. He will have also funds belonging to the employees, but he will be required accurately to report income that another person has received and that does not go through his hands.

Mr. JAVITS. I do not agree with that at all. He will not be required to report anything that the employee does not certify to him. He is completely accurate under the law if he reports what his employee tells him.

If he has in his hands the money with which to pay the employee's taxes, he will not handle the tips, except to the extent that I have mentioned.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 additional minute.

My case shows that the tips are taken into account in setting the employee's wages. I have figures which bear that out. The Treasury bears that out. It is the same as when an employer feeds an employee. He is not handling the food when he feeds the employee. Normally the employee feeds himself. However, the employer computes that cost in figuring the wages.

Mr. CURTIS. It is quite different. The employee does not go out of the establishment.

Mr. JAVITS. The employee does not go out of the establishment to get his tips. He does not get them unless he is in the establishment.

Mr. CURTIS. But they never come to the employer. There is no case in which the business community has been called upon to collect taxes on money that does not go through a person's hands.

Mr. JAVITS. The money for the taxes goes through his hands. The other is tantamount to that, because it is a part of the wage.

I yield 5 minutes to my colleague from New York.

Mr. KENNEDY of New York. I should like to ask the Senator one or two questions.

Mr. President, is it not correct to say that the employers claim that the tips that are received by the individual employee are a part of the wages when there is consideration of the minimum wage law?

Mr. JAVITS. Yes. I have given the States in which that is true.

Mr. KENNEDY of New York. Is it not correct to say that, on the one hand, it is claimed not to be a part of the wages under the social security law, but is a part of the wages when considering the minimum wage law?

Mr. JAVITS. The answer is "yes," except that it is now the Finance Committee that is claiming that, although there is an enormous lobby here, too.

Mr. KENNEDY of New York. I appreciate the Senator's comment. It is claimed that it is not income so far as social security is concerned, but that it is income so far as the minimum wage law is concerned.

Mr. JAVITS. The Senator is correct.

Mr. KENNEDY of New York. That is an entirely inconsistent position, is it not?

Mr. JAVITS. Yes.

Mr. KENNEDY of New York. Mr. President, I rise in opposition to the Senate Finance Committee's amendment regarding the status of tips as income for social security purposes. Section 313 of the bill as passed by the House gave tips a status like any other kind of wages, insofar as social security is concerned. The House bill recognized what seems like a most obvious fact—that tips are for practical purposes a part of an employee's wages even though not paid directly by the employer, and that it is unjust not to have both employee and employer contribute to social security benefits on tip income just as they do on the rest of the employee's income. Now the Senate committee seeks to undo this sensible provision and to substitute in its place the fiction that the tip employee is self-employed when he receives tips.

This change will be onerous for the employee, since he will have to pay the entire contribution himself for the social security benefits that are based on his tip income. And of course the Finance Committee amendment constitutes a great boon for employers by relieving them of the obligation which the House version imposed.

There is no justification for this. The tip employee is not self-employed in any sense. Tips are as much a part of his wages as the money he gets directly from his employer. He is always subject to his employer's direction, and never off on an unrelated effort of his own. Tips are directly attributable to his employment, and the certainty that he will receive them means that his employer can get away with paying him less in basic wages. The fact is that tips are always taken into consideration in collective bargaining in the hotel and restaurant industries. It therefore makes very little sense for the employer to contend that these wages are so far removed from the employment relationship as to be attributable to self-employment efforts.

The inequity of present law is clear. The waiter who gets $35 a week in wages and $55 a week in tips—and there are many like this—would receive monthly social security benefits, beginning at age 65, of $74. Under the House provision, he would receive $125. Since the tips he receives are derived directly from his employment, there is no reason not to regard them as wages for social security purposes. And there is no reason not to require the employer to contribute to social security benefits for his employees on that part of their earnings.

It should also be pointed out that waiter's tips are treated as regular income by the Internal Revenue Service. This income is subject to withholding tax under current tax regulations. The waiter must keep records on his income; I think the employer should be able to maintain similar records.

There is one implication of the Finance Committee amendment that is particularly intolerable. That is the possibility that hotel and restaurant employers, armed with a congressional finding that tips are the results of self-employment efforts, will argue that this is a reason for continuing to exclude their employees from the coverage of the minimum wage. Thus the Finance Committee's amendment is not only undesirable because it singles out one class of employee for unfair treatment under social security, but because it could also prejudice later efforts in the minimum wage area.

The employers have taken the position that tips should be included in income for purposes of deciding whether there is any need to extend the minimum wage to hotel and restaurant employees. It is especially anomalous that they are at the same time contending that tips should not be included in wages for purposes of social security. This is inconsistent, and the employers should have to fish or cut bait. If they want tips to be computed as part of wages for purposes of the minimum wage coverage question, they should be willing to have tips included in wages for purposes of social security.

What the Senate Finance Committee's amendment does is to give the employer the best of both worlds. By calling tip income the result of self-employment efforts, employers save themselves the payment of social security on it and also give themselves the argument that there is no need to cover hotel and restaurant employees under the minimum wage since those people have already been adjudged by the Congress—if the Finance Committee amendment sticks—to be self-employed.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield another 2 minutes to my colleague.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. KENNEDY of New York. I wish to state categorically that, so far as I am concerned, the self-employment finding is a fiction, of no realistic significance in either the social security or the minimum wage area.

I might also add that we have an opportunity here to eliminate poverty. A significant number of retired citizens have an income that does not meet our

minimum standards of support. A waiter retiring at 65 who had only counted his wages towards social security benefits, would receive approximately $74 a month or $888 a year. I know you will agree that this is totally inadequate. By insuring that the waiter's tips are included in calculating his social security benefits, his benefits would be raised to approximately $1,500.

For those reasons, I hope we can act today to restore section 313 as the House passed it.

Mr. LONG of Louisiana. Mr. President, I yield myself as much time as I may require.

The House proposal for which the two Senators from New York are contending would create an irrebuttable presumption that it was the employer who paid the tip, which would be completely contrary to fact. That is a false presumption. The House proposal, for which the Senators from New York contend would presume a so-called fact even though it be a lie.

Mr. President, when we create an irrebuttable presumption that an employer has paid the tips, even though he never saw the money, I say that it is pretty ridiculous. I am reminded of a passage from Dickens in which Mr. Bumble is reported as having said:

> If the law supposes that, the law is a ass, a idiot.

To create an irrebuttable presumption that something is correct when it is not correct is not proper.

Employers do not pay the tips. They do not always know about them. They now have enough trouble with their help without trying to snoop on that help.

The proposal sent to the Senate by the House is subject to all sorts of mischief. A small owner of a restaurant, a barbershop or some other establishment who hires people to serve the public could be victimized, and it should not be that way.

For example, a young working man or working woman who is single would not find it to his or her advantage to report tips at all. They would not report them. By not reporting them, they would avoid the social security tax and the income tax, which we could presume would be a great deal more than the social security tax. It would be to their advantage to avoid such taxes.

Suppose such a person reaches the age of 60. At that point he might decide that he would like to drop out the 5 low years of his earnings in which he had reported no tips at all and to build up his credit in the high years. He decides to report tips on $4,000 when he received only $150 in tips.

What is wrong with that? What is wrong is that he would then impose on his boss a tax of $160 by telling a lie, and the boss would not have any recourse but to go ahead and match what the employee puts up to help that man's social security entitlement when the man by rights would not be due it.

If an employee wishes to engage in that sort of conduct, that would be his privilege under the amendment of the Senator from New York. But why penalize the boss for it? Why should a man who operates a little restaurant have to pay $160 in taxes merely because an employee chose to avail himself of an opportunity to misrepresent his income and to attain a higher entitlement than is his due?

Mr. President, in many instances it is up to the individual to determine whether he wishes to report income from tips. The Treasury is making every effort under the sun to try to collect a tax on tip income. I hope they have success, although a relatively small amount of income is involved.

So the Treasury Department in trying to find out how to collect income tax on tips, attempts to create an irrebuttable presumption that the employer paid the tip and thus require him to snoop on his employees. It would create all sorts of hard feelings between the employer and the little waitress, the barber, or whoever the person might be, as to what the amount of tip income was and about how much of the tax the employer should pay. Then the employer must withhold an equal amount from the employee's wages.

Mr. President, it would create all sorts of bookkeeping problems. Employees want nothing to do with it. We hear talk about people being for the proposal. I know Mr. Nelson Cruikshank speaks for the American Federation of Labor in this field. He started in the Federal Security Administration. He was one of those who helped put the social security law on the statute books. He wishes to apply basic social security concepts to everyone. Labor chieftains have so much confidence in him that they take his word, with reverence. So we have heard that the AFL–CIO is for the proposal. Senators should ask employees if they are for the proposal.

In my State I have not found a waiter or waitress who has said that he or she is for it. Every restaurant, every taxicab company, and every barbershop in my State is opposed to the proposal that the Senator from New York wishes to impose on the American people. They are solidly opposed to it. They say that they do not want to engage in this kind of conduct.

So they do not want anything to do with it; they want to be relieved of it. The committee has made it possible for employees to pay a tax to the Internal Revenue Service just as though they were self-employed people. The employer pays a tax on what he pays the employee. Then the employee has an obligation to report the tips and pay a tax on them.

If we are to follow the general theory of the social security law, we should say that the person who owes the tax on the tips is the employee, on the one hand, and the patron who comes in and pays the tip, on the other.

Suppose we followed the legal fiction upon which the Social Security Act is supposed to be based. The theory is that it is a program of insurance paid half by the employer and half by the employee. In this event, the employer part of the tax would be owed by the patron. What would he do? He would give the waiter, perhaps, a $1 tip.

The waiter would say, "Thank you, sir. Now please hand me 4 cents for the tax on the tip, as your employer's part of the tax."

Mr. President, what would you do if you had handed the waiter a dollar? Would you cash an extra dollar and say, "My friend, I neglected to include the tax in the tip"? No; you would say, "When I gave you the tip, I tipped you 96 cents, and the other 4 cents included in the dollar I gave you was to cover the tax due. Just take it out and settle with Uncle Sam."

Upon that basis, the employee would pay 4 cents for himself and 4 cents for the man who gave him the tip—8 cents. We propose to let him pay 6 cents.

In most cases, this employee is going to get the same retirement benefits one way or the other. Suppose his social security benefits are figured only on a low salary and not also on tips, he will supplement the resulting low social security check with public assistance. Thus, it may make little difference what social security tax is paid by such tipped employees. His retirement checks will be the same in amount though they may be welfare checks in part instead of only social security checks.

If Senators think people do not understand this procedure, let me relate to them this personal story. My wife told our maid what a fine thing she was doing; she was paying the social security tax for the maid and for the Long family. The maid replied, "I am going to wind up with $90 whether I have social security or not, because I can get welfare. I do not care whether you pay a tax or not."

That is how many low income, tipped employees look at the situation.

So far as those in the upper income brackets are concerned, their only problem is how to get somebody else to pay something he does not owe.

I suppose waiters at the Stork Club and other high-class places in New York might think it is a fine idea. But the average employee in a cafe, motel or barbershop could not care less. The committee bill provides them all the social security coverage.

So far as the Treasury is concerned, that is something else. Senators may recall that some years ago the Treasury wanted Congress to provide that every bank, every building and loan institution, and every insurance company should tax the interest and dividends of their patrons at the source and send this tax to the Government, whether the tax was owed or not. Senators may recall that the executive branch pressed for passage of such a law to withhold the tax on interest and dividends whether the persons concerned owed the tax or not. The patrons would then have to worry about getting their money back.

Under the leadership of our distinguished Senate Finance Committee chairman, HARRY FLOOD BYRD, of Virginia, the Congress resisted the Treasury Department and defeated the proposal. Instead, we enacted a law that provided for the assignment of a number to every taxpayer, so that computing

machines could ascertain where the income was and how much, so that the tax could be collected. It has worked very well. We avoided the need to make someone pay a tax he did not owe.

In this instance, I hope we shall be successful in avoiding the imposition on a cafe owner, the owner of a barbershop, the owner of a shoe shine parlor, or the owner of any small business of all the bookkeeping, all the responsibility, all the irritation, and all the squabbling with his employees that would result from the responsibility of paying a tax on money the employer did not pay, did not receive, knows nothing about, and does not want to know anything about.

If we want to do what the employees want, those who are employed by a small businesses, we can provide that employees be treated as self-employed on tip income, which is what the Committee on Finance has done. But if Senators want to vote for something that in their States will be the most unpopular thing since the bubonic plague, they can vote for the provision to tax all those employers on money they do not know the first thing about and do not want to know anything about.

I hope the Senate will agree with the Committee on Finance and agree with many thousands of owners of small enterprises and will spare them from this proposal and from persecution by the imposition on them of all sorts of paperwork and a responsibility that is not properly theirs.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. BENNETT. A statement was made that the emloyer takes tips into consideration when he sets wages. Is it the impression of the Senator from Louisiana that all tipped employees, although they may receive the same basic wage in the same establishment, receive exactly the same amount in tips?

Mr. LONG of Louisiana. Of course not.

Mr. BENNETT. What makes the difference between the low-tipped man and the high-tipped man in some establishments? Is it not hard work?

Mr. LONG of Louisiana. It depends on how well the employee does his work. If he gives good service, if he serves extremely well, if he is a good waiter, for example, he will receive more in tips than the person who renders poor service.

Mr. BENNETT. So how can it be said that an employer can take that into consideration when he sets an emloyee's wages? How can it be said that an employer has any control over the ability of a certain waiter to earn more than another waiter? That is entirely a matter of his personal activity, of his personal ability, of his personal attitude toward his customers. If that is not self-employment, I do not believe we could get a better definition of it. Does the Senator agree?

Mr. LONG of Louisiana. I do. So far as the Treasury is presently concerned, the amount of tips an employee receives is self-employed income. The Treasury is not too happy about it because all the tips are not being reported. The Treasury would like to find some way of collecting more taxes; I understand that. But to create an irrebuttable presumption, to persecute somebody who had nothing to do with the transaction in the first instance, is ridiculous.

Mr. BENNETT. It seems so to me. I offered the amendment in committee which was finally adopted and included in the bill that was reported, because I think that is really the logical approach to the situation.

Mr. LONG of Louisiana. It is the most logical approach to it. This is the way the matter should be handled. Perhaps with better methods of detection, a way could be found to solve the problem. Bu I am satisfied that to include the House provision on tips would be one of the most unpopular things that ever happened. I should say that we would do well, first, to experiment and see how the self-employment program works before we try to impose on these employers an obligation that is not properly theirs.

Mr. KENNEDY of New York. Mr. President, will my colleague yield me 3 minutes?

Mr. JAVITS. I yield 3 minutes to my colleague from New York.

Mr. KENNEDY of New York. Mr. President, I gather that the Senator from Louisiana is opposed to the proposal of the Senators from New York.

I want to ask whether the argument which the Senator from Iowa made with regard to tips for the employees of the same restaurant is really the relevant point. The amount of tips received may, of course, vary from one employee to another, but is it not also correct that the employers claim that the employees' tips should be counted as a part of their wages for purposes of determining whether they are receiving the minimum wage? If the employers admit tips are a part of wages for this purpose, why will they not admit that tips are a part of wages for purposes of social security?

Mr. LONG of Louisiana. They contend that tips ought to be taken into consideration in determining the income of tipped employees. But the employers do not contend they are paying all of the income of the tipped employees.

Mr. KENNEDY of New York. Mr. President, does the Senator concede that the position of the restaurant owner as to the employees under these circumstances is inconsistent in this area? It is claimed that the tips should be considered as a part of the salary of the employees as far as the minimum wage is concerned. However, on the other hand, so far as social security is concerned, it is claimed that tips should not be considered as a part of the wage.

Mr. LONG of Louisiana. Not in the very least. The employers say: "You want to pass a minimum wage law to require us to pay the employees a certain amount of money. We are not paying him that wage. However, he is receiving income from other sources, so that he is receiving more than we pay him and when these other sources are included, his income is equal to or in excess of the minimum wage being championed."

They are not contending that they pay his tips. They frankly concede that another man pays him. However, they contend that the employee is making more than they pay him in wages.

Mr. KENNEDY of New York. Is the employee not under the control of the employer in that restaurant, or, for example, in a barber shop?

Mr. LONG of Louisiana. It is as simple as if the Senator from New York and I were to get together, hire a waiter, and agree that the Senator from New York would pay half of the man's wage and I would pay the other half of his wage, and that together we should pay him $1.25 an hour. Although I was only paying 62.5 cents an hour, the employee would be still making the minimum wage based on what the Senator and I would be paying him.

Mr. KENNEDY of New York. The employee would be receiving extra compensation, as far as tips were concerned. If we were to argue that this income should be included as part of the minimum wage, we should also concede that he was receiving that income because he was working in the restaurant.

Mr. LONG of Louisiana. It is contended that that tip is income but just because it is income does not necessarily mean that all of the income comes from the same source. The employer does not pay the tip part of the employee's income.

Mr. KENNEDY of New York. I believe that the position is inconsistent. When the Senator describes the situation of the employees in Louisiana—who, he is fearful, will falsify their records and say that they are making much more money in tips in order to force the employer to pay social security—he does not mention that those employees would have to pay income taxes on that extra money.

Mr. LONG of Louisiana. I did not say they would falsify their records for that reason. They would not declare more earnings in tips than they are receiving for the purpose of forcing the boss to pay high social security taxes. They would do it in order to get a higher benefit under social security than they have a right to receive.

Mr. KENNEDY of New York. Does the Senator recognize that the employees would have to pay income taxes on that declaration?

Mr. LONG of Louisiana. The Senator is correct.

Mr. KENNEDY of New York. Does the Senator realize that those income taxes would be perhaps four times as high as the amount that the employee would have to pay under social security?

Mr. LONG of Louisiana. Yes. However, under the social security system, some people receive in benefits 10 or 20 times the amount that they have paid in taxes. We know of a case in which a man received one thousand times what he paid into the system.

Mr. KENNEDY of New York. People who work in restaurants, hotels, and barber shops in the United States are as honest as anybody else. They are as honest about maintaining their records as anybody in the Senate Chamber or in the gallery.

Some of us say that this will be an unpopular measure in our particular district or State, but the fact is that it would do quite a lot of good. Some people need the benefit of such protection. That should be the criterion. As Lord Acton once wrote:

> Laws should be adapted to those who have the heaviest stake in the country, for whom misgovernment means not mortified pride or stinted luxuries but want and pain, and degradation and risk to their own lives and to their children's souls.

We are talking about employees who need protection and need help.

Mr. LONG of Louisiana. It was the former Senator from Massachusetts, the brother of the present Senator from New York, the late beloved President John F. Kennedy, who made more effort than anybody else to attempt to place a withholding tax on interest and dividends. The argument was made that we were not receiving the proper amount of tax money on such items, that the people were not paying it. The particular area of the law which we are now debating is an area that has been abused more than that area was.

This is an area in which some people would be completely honest. However, some people would be governed by what they think is their own selfish interest. If they want to be governed by their own selfish interest, unfortunately either the House or the Finance Commitee tax on tips provision would give them a good opportunity to do it.

An advantage to the pending amendment though is that it would not give people the opportunity to victimize the employer, and it would not create problems between labor and management.

Mr. BENNETT. Mr. President, I ask the Senator from New York to let me move back into my State of Utah. He moved me into the State of Iowa. If I have the right, I would like to move back into Utah.

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, it is easy to be entertained by passionate argument. However, one ought not necessarily to be persuaded by it. I should feel very disheartened if I were to permit the argument made by the junior Senator from Louisiana to stand unanswered, no matter what follows.

We have heard some rather astounding doctrines. One such doctrine deals with taxes. It has been said: "It is up to the individual to do what he wants to do." That is a rather unheard of proposition to be uttered in the Senate of the United States.

Are we encouraging citizens to avoid their tax liability, or are we writing laws to enforce the payment of taxes?

There is another proposition which I have heard advanced here which I must say is rather novel.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. LONG of Louisiana. Mr. President, the senior Senator from New York has been an Attorney General. The junior Senator from New York has been an Attorney General. I have never been an Attorney General and I have never been investigated.

The tax collector can investigate all he wants to investigate. I urge him to do so as far as the social security law is concerned.

When an employee reports his tips as income, we would arrange things so that the employer would not be penalized under the social security law. We should not penalize the employer.

Mr. JAVITS. Mr. President, according to the Senator from Louisiana this is a sporting proposition. The tax collector can collect the tax if he is able to collect it, but the Senate of the United States should not help him to do so. It is claimed to be a sporting proposition. We are urged to pit the tax collector against the person receiving the tips and see who comes out ahead.

It is not a sporting proposition so far as I am concerned. We are dealing with 1 million U.S. citizens. As my colleague the junior Senator from New York [Mr. KENNEDY] properly said, most of our restaurant and other employees want to be honest and regular, like every other employee.

The other proposition that I have heard, which to me as a lawyer is astounding, is that notwithstanding the control exercised over the employee by the employer, notwithstanding the fact that that employee is covered by the minimum wage, workmen's compensation, and even the social security law with regard to the wage which the employer pays him—it is nonetheless argued that this would be different from everything else that happensi n that establishment because when he receives the tip, it is his self-employment income.

Mr. President, we may hear many things about business practices when it comes to the Federal minimum wage law—which law is now up for consideration before my committee with regard to these very employees. We will see what the restaurateurs say about that one when they have to pay the Federal minimum wage, notwithstanding that what the tipped employee gets in wages right now, as an average, is 81 cents—and not the $1.25 or the $1.50 that would have to be paid by the employer under a minimum wage law.

We know very well that we are not going to enforce any such doctrine in respect of other law. All we are doing is carving out a situation because the restaurateurs say this is more convenient to them, and we are making it unique and anomalous. It does not make any difference; I do not care whether we win or lose on the amendment—it makes no sense.

If it is unpopular for such a tax to be paid, let us remember it is unpopular to pay an income tax. It is unpopular to have to apply for a license. On that basis we would have an anarchical society.

The owner of a barbershop must file reports for every barber under his control with respect to social security. He would have to do no more with respect to tips, because he already has to file reports, for purposes of social security, on whatever wages he pays the barber.

These are very strange, anomalous doctrines, and all we would have done in the Senate, if we should let the amendment stand, would be to lend ourselves to a scheme for the convenience of a group of people—60,000 is the figure which has been given us here—as against 1 million employees. Those latter people should be considered when we are considering the matter of convenience. It is inconsistent with what is provided in the common law and in the statutes, and what is the practice as between employers and tipped employees in other respects.

If the Senate wants to do that now, no one can stop it, except the House of Representatives in conference, but it makes no sense.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. BENNETT. Every American citizen makes his own declaration of conscience on his income tax report. That may be a sporting proposition, but the Government has ways of checking on it. But we all control the income that we report. That may be a sporting proposition, but the Government has ways of checking on it. But we all control the income that we report.

Mr. JAVITS. That is not strictly accurate. The employer pays wages. Every time he pays wages, he must tell the Internal Revenue Service what the employee has been paid. So it is not correct that everything we report is within our own control.

Mr. BENNETT. It is within our control. We may misreport, and the Government can check up and find out, but when I report my income, I sit down with my own conscience and my own set of books when I made out my income tax return.

Mr. JAVITS. If the Senate follows the House proposal, fundamentally the tipped employee will sit down with his conscience in the same way and will report what he says his tips have been, and that is what the employer will have to report.

Mr. McCARTHY. Mr. President, will the Senator yield me 3 minutes?

Mr. JAVITS. I yield 3 minutes to the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I support the position taken by the Senator from New York [Mr. JAVITS], and supported by the junior Senator from New York [Mr. KENNEDY]. The procedure provided in the House bill, which we seek to restore, represents a reasonable compromise to a most difficult problem which has been under study by the House Ways and Means Committee and by the Senate Finance Committee since at least 1950.

It provides needed coverage for income which, in substance is derived from tips.

A compelling argument for this proposal is that the income of the workers who will be affected by this provision is generally very low. Such persons, therefore, are most in need of pension income which they will receive at the time of re-

tirement under the social security and old-age pension system.

Various recommendations have been made throughout the years. Some of them have come close to being accepted. Usually at that point it was the view that such proposals should be given additional study.

This year there was a general agreement by the people responsible for the administration of the social security program, perhaps in part because of the development of new electronic equipment, but, at any rate, we had general agreement that this program could be administered. I believe, therefore, that the proposal to restore the provisions in the House bill should be accepted by the Senate.

I do not believe that the Senate committee's proposed solution is adequate. Service employees are not really self-employed. They work at places designated by their employers. They work at times designated by their employers. They work under the direction of the employers and under conditions determined by the employers.

The record is quite clear that those who work for tips have been so recognized under almost every other piece of legislation in which a distinction has been made as between self-employed and those who work for salaries and wages. They are covered under unemployment compensation. They are also covered under minimum wage provisions and workmen's compensation. We do not apply minimum wage standards to those who are self-employed. In every other area, except for the purposes of including tip income under social security, such employees have been regarded as wage earners. So I believe the Senate ought to follow this tradition and accept the recommendation made by the administration and adopted by the House Ways and Means Committee.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McCARTHY. I ask unanimous consent that I may have 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. It is my judgment that the House Ways and Means Committee will insist on its position in any case. I urge the Senate to accept its responsibility for action today. Some Members of the Senate may feel they can bypass taking action and be saved by what the House will do in conference; but it is my judgment that, if the Finance Committee and the Senate are to carry out their responsibilities in regard to tax matters, and also in the field of social welfare, the Senate should restore the reasonable procedure provided in the House bill and not hope that, somehow, the House will save the situation. I ask unanimous consent that the views of the Treasury on this matter, as presented to the Finance Committee—hearings, page 524 and following—be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT VIEWS ON COVERAGE OF TIPS

DESCRIPTION OF COVERAGE OF TIPS IN H.R. 6675

Beginning in 1966, employees who in the course of work with any one employer receive at least $20 in cash tips in a month would be required to report their tips in writing to the employer. This report would have to be made at least by the 10th day of the month following the month in which the tips were received. More frequent reports could be required by employers and the bill would authorize employers to gear these tip reports to their payroll schedules. The employer would add the amount of reported tips to the employee's wages. He would withhold from the wages the employee's share of the social security tax and the appropriate amount of income tax due on the combined amount of tips and wages. The employer's liability for his share of the social security tax on tips would be limited to those that are reported on time and even as to these he would be responsible for his tax only to the extent that he had enough unpaid wages due the employee or funds turned over by the employee to cover the employee share of the tax.

The bill would require employees to turn over funds to the employer to cover the employee share of the social security tax whenever the appropriate amount of tax could not be withheld because of insufficient unpaid wages. This is a most unlikely situation, however. See discussion on page 4 regarding adequacy of wages to cover both social security tax and income tax withholdings. In any case in which an employee failed to report tips or failed to make additional funds available if needed, the employee would be required to pay both the employer's and employee's share of the social security tax. With regard to the withholding of income tax, an employee would not be required to turn funds over to his employer to make sure the full amount of tax due is collected from month to month as in the case of the social security tax. The employer, however, would withhold throughout the year whatever he could from wages. The employee would, of course, be responsible to pay the full amount of income tax either in quarterly installments or with his return at the end of the year to the extent that withholding did not cover his full liability.

BACKGROUND

The Congress has considered various proposals to cover tips under social security since 1950. In that year, during the 81st Congress, a bill (H.R. 6000) which later became the Social Security Amendments of 1950 came before the Committee on Finance with a provision which would have treated tips received in the course of employment as remuneration paid to the recipient by his employer. The bill would have required employees to report in writing to their employer by the 10th day after the end of a quarter all tips received during the quarter. The committee stated in its report on the bill that it believed such a change in the law would introduce administrative complications and it did not accept the proposal (S. Rept. 1669, 81st Cong., 2d sess., p. 17).

Since 1950, many proposals on tips have been introduced in both Houses and many of these, at some time or other, have been before one or the other or both of the tax committees. The Treasury Department and the Department of Health, Education, and Welfare have examined and studied carefully all of these proposals. Studies of various other suggestions and alternatives for extending social security and income tax coverage to tips have also been made. In 1958 the Committee on Ways and Means gave serious consideration to a proposal based on a system of reporting by employees similar to that it had approved in 1950. The committee, however, was unable to satisfy itself that the plan would be workable on a national scale and it requested the two Departments to further study the problem (H. Rept. 2288, 85th Cong., 2d sess., p. 7). In 1960 the Departments recommended a proposal which combined a system of reporting of actual tips with a formula for estimating tips when the actual amount was not known to the employer. This plan was also rejected because the committee could not arrive at a formula that it considered equitable when applied to all regions of the country. The extensive discussions of the formula approach in committee convinced this Department and the Department of Health, Education, and Welfare that the only acceptable solution to the problem would be one which used as a base for the tax and benefits computations the actual amount of tips received by an employee and that it had become essential to devise a workable system to accomplish this.

At about this time, employee groups had become interested in getting tips covered under social security because, as the result of tip drives by the Internal Revenue Service, more and more employees were beginning to report their tips for income tax. Employers, as a matter of self-interest, had always urged that tips should be recognized as earnings from self-employment and taxed at the self-employment rate. Tips, however, are in reality remuneration for services rendered in an employment relationship and thus cannot legally be regarded as self-employment income. Moreover, it is common knowledge that in setting wages of employees who customarily receive tips employers take account of the tips. This is apparent from the terms of bargaining agreements covering nontip as well as tip employees. Tips, accordingly, are part of the wage pattern in certain industries and they should be treated as wages for all purposes. (See discussion below of minimum wage laws.) It would also be unfair to tax tips at the self-employment rate, which is 1½ times the employee rate of tax on wages, if tips are in fact wages.

It has sometimes been suggested that, since tips are paid directly to employees, and employers have no interest in knowing how much is received in tips, employees should report the tips directly to the Internal Revenue Service and pay the employee share of the tax due on the tips with this report. The Service would then bill the employer for his share of the tax on the basis of the employee report. Although this system appears simple it has no advantage for anyone. Employees would be burdened with keeping records for 3-month periods, filing quarterly reports and computing their own tax liability. The Internal Revenue Service would be burdened with many more wage reports to process and would have to collect the employer tax 1 year or more after the tips were claimed to have been received. Finally, employers would be at a disadvantage in contesting their liabilities in view of this time lag. Employee groups originally suggested a plan of this type, but they have since realized its shortcomings for all concerned and are no longer urging it.

THE PROPOSAL IN H.R. 6675 IS REALISTIC

In developing the proposal which is now in H.R. 6675, the Department of Health, Education, and Welfare and the Treasury inquired concerning the operations, especially the pay and bookkeeping practices, of businesses where tipping is customary. All the various objections made by employers against the adoption of a system of reporting of tips by employees such as the one in H.R. 6675 have also been considered carefully. Many modifications were made in the original recommendation as the result of these employer comments and studies. The proposal as it now stands makes no unnecessary or unreasonable demand on employers. The system of reporting required under H.R. 6675 is as simple and efficient as it can be in view of

the nature of tips and the objectives of the proposal, which are: more comprehensive social security coverage of over a million workers and their dependents and better reporting and easier payment of income tax liability on tips.

TIP REPORTS CAN BE GEARED INTO THE PAYROLL

Employers will have a great deal of freedom in determining the frequency and the manner in which employees report their tips. The only requirement is that at least one report be filed for each month by the 10th day of the following month. Also, within any quarter withholdings for social security and income taxes may be made at a predetermined and constant rate for each pay period, provided that before the end of the quarter the amounts withheld be adjusted to reflect the taxes due on the actual amounts of tips reported during the quarter. This will allow large employers whose payrolls are prepared with the aid of business machines to gear the tips reports into their payrolls. The addition of tips to wages will require some additional recordkeeping, but since employers are already withholding and reporting to the Internal Revenue Service social security and income taxes on wages, the basic records are already in existence and the procedures are well established. The additional work required should be manageable.

WAGES ARE ADEQUATE TO COVER WITHHOLDING FOR TIPS

An argument which employers frequently assert against the tip proposal in H.R. 6675 is that wages of tip employees are generally so low that in most cases there will not be enough to cover the social security and income taxes that should be withheld. The facts have been examined carefully and there would appear to be no real basis to this argument. Surveys of hotels and eating and drinking places conducted in 1961 and 1963 by the Bureau of Labor Statistics (Bulletins Nos. 1328, 1329, 1400, and 1406) show that, although regular wages of tip employees in these industries are relatively low, in the great majority of cases the wages would be more than adequate to cover the social security and income taxes which would have to be withheld under the terms of the bill.

The allegation that wages paid to tip employees will generally not be sufficient to cover the full amount of taxes that would have to be withheld is based on an overestimation of the amounts of social security and income taxes that are collected on wages. The current combined rate of withholding is approximately 18 percent (3⅝ percent for social security and 14 percent for income tax); next year it would be exactly 18 percent under the new rates proposed in the bill. At the current rate, a weekly wage of only $15 would be sufficient to pay the taxes on $15 in wages plus $75 in tips, or total weekly earnings of $90. A weekly wage of $15 would represent an average hourly wage of 37½ cents (only 9.3 percent of all waiters and waitresses in the United States received in 1963 an average hourly wage under 40 cents) for a 40-hour workweek (84 percent of restaurant workers in the United States work 40 hours or more per week). Weekly tips of $75 represent earnings at the rate of $1.50 per hour during a 48-hour week or $1.87 per hour during a 40-hour week. In the 1961 Bureau of Labor Statistics survey of eating and drinking places, the only survey with tip data, only 40 percent of waiters and waitresses in large metropolitan areas surveyed were reported to earn $1.25 and over an hour in tips. Because the survey was primarily interested in the lower paid workers, tabulations were not made beyond $1.25. These illustrations are submitted to show that even at the lowest end of the pay scale enough wages would ordinarily be available to an employer from which to withhold the social security and income taxes due on tips. A more typical example would have an employee earning a weekly wage of $32 (on the basis of 81 cents per hour, the average wage of waiters and waitresses in the 1963 survey). Such a wage would approximately cover the taxes on combined earnings in wages and tips of $200 a week.

EMPLOYERS KNOW APPROXIMATELY WHAT EMPLOYEES EARN IN TIPS

It has also been claimed that employees want no part of a plan of social security coverage which will require them to disclose the amount of their tips to the employer because, it is reasoned, if employers knew how much tips employees receive they would want to reduce the already low regular salary paid to employees. This argument assumes that employers are ignorant of the amounts received by their employees. This may have been true years ago, but today tipping habits are fairly uniform and well-known. Moreover, more and more tips are being paid through employers by uesrs of credit cards so that employers have a fairly accurate knowledge of the sums received by their employees. Another recent development which has contributed to the general knowledge concerning tips has been the publicity attending trials of taxpayers charged with understating their tip income. In these cases, various formulas have been applied by the Commissioner of Internal Revenue to determine the amount of unreported tips and determinations fixing tips at levels between 10 and 15 percent of the price of meals served have generally been upheld by the courts.

TIPS AND THE MINIMUM WAGE LAWS

Employers have argued that the coverage of tips under social security would be unfair to them so long as they are prevented, under certain State laws, from taking tips into account in determining whether a minimum wage is paid. At present, there is no uniformity among the States on the treatment of tips under the State minimum wage laws. Of the 36 States having minimum wage laws, 14 now prohibit the counting of tips. At the last session of the Congress a bill (H.R. 9824) was introduced in the House which reflected the administration's views that tips should be counted toward the minimum wage where they are accounted for by an employee to the employer. It is believed that the adoption of Federal legislation including tips under social security would be influential on the States to also modify their laws to permit the counting of tips for minimum wage purposes. In any event, after tips are covered under social security, employers will be in a better position to demand the amendment of State minimum wage laws to take tips into account. This argument was influential in the final decisions made this year by the Ways and Means Committee.

THE "TAX RECEIPT" ARGUMENT

The inclusion of a provision in H.R. 6675 requiring the withholding of income tax on tips reported to the employer has caused employers to comment that because of the low wages paid to these employees no cash wages will be left after all the taxes are witheld and instead of wages employees will receive, in their pay envelope, only a receipt showing the taxes withheld. The implication in this argument is that employees think of wages only in terms of take-home pay and if no cash wages remain after taxes are collected the employers will be pressed for an increase in wages. This is largely an educational problem which employers and employees must face. It is not at all certain that employees will be unhappy to have their income tax on tips collected on the pay-as-you-go withholding system. It seems almost incontrovertible that employers will find that the majority of their employees would consider the proposed arrangement very helpful. Certainly the current furor over slight amounts of underwithholding for 1964 and the growing consensus for graduated withholding indicate that taxpayers prefer paying taxes on a pay-as-you-go basis. Another answer to this objection of employers is that, as was pointed out earlier, although wages of tipped employees are relatively low, they are not so low that all cash wages of workers will be needed to cover the taxes to be withheld. On the contrary, these cases will be the exception rather than the rule.

WITHHOLDING IS THE ONLY HUMANE WAY OF COLLECTING INCOME TAX ON TIPS

The chief argument in favor of withholding of income tax on tips is that this is the only humane way to collect the income tax from the low-bracket taxpayers. It is expected that once tips are covered for social security there will be better reporting of tips for income tax. In view of this, it seems only fair to afford employees who receive most of their earnings from tips the opportunity available to other employees to pay their income tax currently by having the tax due on the tips withheld from regular wages. Without withholding, tip employees will be forced into paying their tax in quarterly installments. This method of payment is usually reserved for more sophisticated taxpayers—professionals or the wealthy who receive large amounts of income in dividends or interest. For the low-income taxpayer the filing of estimates of income and making quarterly payments would be a hardship which could subject them to penalties. Many of them would find it difficult to budget in order to meet the quarterly payments which can be substantial.

Since tips are an integral part of the compensation of persons engaged in certain occupations, it is reasonable that this form of compensation should be treated as wages and that employers, who take account of tips in setting the wages of these employees, should also be required to assume the burden of withholding on tips. This burden would only be one of bookkeeping since employers would never be required to advance their own funds for the payment of employee tax liability. Their obligation to withhold would always be limited to the cash wages or other funds of the employee under their control. Withholding of income tax on tips will make the payment of taxes much easier on employees. It will increase the revenue collections and at the same time reduce the number of costly administrative and legal collection procedures that are now required to enforce the payment of income taxes on tips.

UNDERREPORTING OF TIP INCOME

Tips are one of the few sources of income which under our self-assessment system continue to escape effective taxation. Enforcement activities of the Internal Revenue Service have been only moderately productive in this area. After many years of continuous efforts to educate tip recipients to their obligation to report and pay taxes on their tips, the Service is convinced that the only recipients reporting tips with any degree of regularity and accuracy are those who, in prior years, have had their returns eaxmined, had substantial deficiencies assessed against them, and know that their returns continue to be examined.

Field offices of the Service were contacted recently for information regarding tip enforcement activity. Reports were received from offices covering the North Central, Southern, and Southwestern States, the only regions conducting special tip drives in recent years. In one large northern city in 1964 group examinations of employees of 5 restaurants and 2 hotels revealed that of 154 employees who would normally be expected to receive tips practically no one had reported any tips. Following this examina-

tion, 40 percent of these taxpayers agreed to deficiencies averaging $460. The other cases involved deficiencies averaging $600. These cases have not yet been settled. At the same time and in the same city, 62 beauticians working in department stores agreed to deficiencies averaging $200 on acount of tips received over 2- or 3-year periods. Some 33 others had been assessed deficiencies averaging $400 over similar periods.

In a large city in the South, 552 returns of waiters and waitresses were examined in 1960 and 1961 resulting in deficiencies being assessed in the total sum of $132,222. This represents an average deficiency per return of approximately $240. In the same period, 316 returns of beauticians at downtown shops and department stores were examined and deficiencies were assessed in the amount of $45,234, for an average deficiency per return of about $140. In a city of the Southwest, examinations were made in 1962 of 420 returns of the tip employees at 2 hotels (waiters, waitresses, bellhops, et al.). More than 50 percent of these returns showed no tip income whatever. As a result of this examination, deficiencies averaged $200 per return were assessed against these employees for a total deficiency of $83,614.

Mr. JAVITS. Mr. President, I yield 2 minutes to the Senator from Ohio [Mr. LAUSCHE].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 2 minutes.

Mr. LAUSCHE. Mr. President, in this matter I believe the question posed is whether or not the 1 million workers whose income in part is made up of tips should have the benefit Congress intended be given under the Social Security Act. To me, that is the vital question to be answered in determining how one shall vote on this question.

I believe it is axiomatic that the 1 million workers, a part of whose income is derived from tips, are told by employers, "Your daily or hourly wage is small because your income will be increased by the tips you receive."

When one wraps the factors into one package and looks to the general purpose of the social security laws, he necessarily must ask himself the question, "Is this worker receiving the benefits of what we intended under social security when the employer does not contribute any wage taxes on the tips which the employee receives?"

It has been suggested by the questions which have been put that the employers are in a conflicting position. In one instance they tell the employees, "You shall receive 45 cents an hour, but the main part of your income comes from tips."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. I ask the Senator to yield me 2 additional minutes.

Mr. JAVITS. I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. In the next instance the argument is made that a part of the employee's pay is a contribution which the employer makes to sustain the social security payments.

I believe it is obvious that there is a conflict between those two positions.

Many employers have come to see me, arguing against the proposal of the Senator from New York, as we have heard in the arguments today.

Viewing the question strictly from the standpoint of justice, without considering the pleas of the employers or the employees, we should answer the question, Are these 1 million workers receiving that which is given to all the other workers of the country?

I believe that the answer must be in the negative. Since the answer is in the negative, I will support the proposal that contemplates remedying and removing the disparity in payment which these workers are receiving.

Mr. JAVITS. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER (Mr. BASS in the chair). The Senator from New York is recognized for 1 minute.

Mr. JAVITS. Mr. President, I shall suggest the absence of a quorum, immediately after I have concluded my minute, because I have no further requests for time, and then would hope that as many Senators as possible would come into the Chamber, so that we may conclude debate within a few minutes thereafter.

Let me say in closing that the debate has been thorough. I am grateful to my colleague [Mr. KENNEDY] for joining so ably in it, as well as the Senator from Minnesota [Mr. MCCARTHY], the Senator from Ohio [Mr. LAUSCHE], and other Senators.

The technical situation is such that the vote for our side of the argument, when it comes, must be "nay," because it will mean turning down the committee amendment, which will reinstate the House provision; whereas, a "yea" vote would be a vote for the committee substitute, which is the position we have opposed. By voting "nay," the position of the House of Representatives will be sustained, and that is the position for which we have argued.

Therefore, Mr. President, unless the Senator from Louisiana [Mr. LONG] wishes me to yield him further time, I am about to suggest the absence of a quorum.

Mr. President, pursuant to the unanimous consent agreement, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. Mr. President, I wish to take these 2 minutes to state to the Senate—if I may have the attention of the Senators—that I believe we can complete this debate and be ready to vote within a very few minutes.

First. Let me emphasize that the vote on the amendment, if one wishes to favor our position—which is the position of those who have spoken in favor of the House provision—would be "nay," because we are seeking to defeat the committee substitute for the House provision. A "nay" vote would reinstate the House provision, whereas a "yea" vote in this case would represent going along with what the Senate Finance Committee has reported.

Second. Summarizing the argument, it is based upon two fundamental facts. First, the relationship of employer and employee exists between the employer and those who receive tips, and that for purposes of social security, income tax, and workmen's compensation, they shall be treated as employees. They should not be segregated as independent contractors for the particular purpose of social security alone; second, the 1 million employees concerned should be given the opportunity, which the House provision would give them, to regularize their situation by paying their part of the social security tax, and by paying their income taxes in a way which would be based upon a declaration of what they receive as tips.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself 2 more minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 additional minutes.

Mr. JAVITS. The 81 cents an hour which tipped employees receive as wages is contrasted with $1.34 an hour for employees in the same establishment who are not tipped and, therefore, the employer should not have it both ways. He should not be able to profit from the fact that his employees are receiving tips by paying them a lesser wage. He should not be able to profit additionally—as the Senate provision would allow him to do—by calling tips self-employment income when it comes to paying social security taxes.

Finally, in terms of the United States, it is high time we were in balance in treating these employees with equal justice.

We are supported in that respect by the Treasury Department and by the Department of Health, Education, and Welfare, and by the organized trade unions. That view is opposed by the Senate committee.

The plan proposed to us by the House is the right and honest plan, and is proper for employees and proper for employers, although I know employers do not agree. It is a plan fair to the Treasury. We should close this issue now by adopting the House plan. I hope the Senate will vote "no" on the committee amendment, thereby reinstating the House provision.

Mr. LONG of Louisiana. How much time have I remaining?

The PRESIDING OFFICER. The Senator has 46 minutes remaining.

Mr. LONG of Louisiana. I yield myself 5 minutes.

Let us understand this question. The Senate amendment is favored by every restaurant and every shoeshine parlor and every barber shop and every small business in America. Also, the overwhelming majority of the waiters and waitresses themselves favor the Senate

committee's position. I will prove that in 1 minute.

Mr. McCARTHY. I hope the Senator will prove it in 1 minute.

Mr. LONG of Louisiana. I will prove it. The Senator from New York has just stated that the average person working as a waiter on tips receives $1.34 an hour. That works out to $200 a month.

So far as the bill is concerned, these people would be drawing $75 a month in social security income, and perhaps less. The overwhelming majority of the States, under their public welfare laws, fix a requirement for income that exceeds $75 a month. Louisiana fixes it at $90 a month. It continues to increase. Those people will go to the public welfare agency and get the amount to bring them up from $65 or $75 to $90, which is regarded as the amount a person needs to get by on. If a person receives $60 under social security, the State will give him $30 in public assistance on top of it. If he receives $40, the State will give him $50 a month, to bring him up to $90 a month.

So far as 75 or 80 percent of the waiters are concerned, their income will be identical, whether they receive more in social security and less in public welfare, or less in social security and more in public welfare. It will be the same thing in any event. It is exactly as my maid explained to my wife, when my wife was paying the maid's part of the social security tax. She said, "Mrs. Long, I will get whatever the maximum is no matter how much I get in social security. All you do when you get me more in the social security check is to cut my public welfare check, but I wind up with the same overall payment."

Those people do not care one way or another. Those who are really concerned are the restaurant, hotel, and barbershop and other small business proprietors. They are wildly opposed to the House provision. They say it would put them out of business. They say it is a terrible thing. I spoke to the restaurant association in Chicago the other day. There were about 60,000 people in that organization. They nearly tore the place apart when I said I was against their paying a tax on money they neither gave nor received.

The Senator from New York says that it is unpopular to pay a tax. Yes; it is. It is even more unpopular to pay a tax when one does not owe it, when one has not received the income on which the tax is due, when one has not received any benefit from it, and when one does not want to know the first thing about the money involved. I agree that it is unpopular.

Another point which can be made is that in many instances an employer can be forced to pay a tax based on mere whim or caprice. For example, let us take a person who is 60 years of age. Let us say that he is not a low-paid employee, but that he is a high-paid employee in the Stork Club in New York.

Let us say that he wants to get the maximum benefit for the minimum amount of taxes. He wants to pay taxes as though he received $5,000 in tips, which is not true. Under the House provision, he pays 4 percent, and his boss matches that 4 percent with his own money. The boss has no choice. By virtue of the complete falsehood told by the employee, the employer must pay 4 percent on the $5,000, or a $200 tax based on a complete falsehood, under a law that is presumed to be correct. There is nothing that the boss can do about it. The first presumption is that the boss paid the employee that $5,000 income and that is a lie; the other is that the man actually made $5,000 in tips and that is a lie. All the boss knows is what the man said.

Another argument against the House provision is that it may cause a reduction in the wages of tipped employees. Some employees because they must pay a 4-percent social security tax for these employees will reduce their employees' wages by a like amount, so that overhead is not increased.

Then there is the tremendous administrative problem that would be caused by the House provision. And it will not be solved by automation. If the waiter is halfway honest, he will report different tips every day and that sort of calculation cannot be done by a programed machine. Thus, the check will have to be made out by hand. Why should we have all this mess, so far as the administration is concerned? It is one more effort on the part of the Treasury Department to get all the help it can.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. I yield myself 1 more minute.

It is an effort to make one party responsible for taxes owed by another party. It is an outrageous imposition. Some small business owners tell me that this propsal would put them out of business. They beg us not to impose this burden on them.

Mr. JAVITS. Mr. President, I yield myself 1 additional minute; then I shall be prepared to yield back the remainder of my time.

I believe the whole ball game has been exposed by one statement the Senator from Louisiana made. He said that the employer has no benefit from it. If he has no benefit from it the Senate Committee on Finance is right. I maintain, however, that as a fundamental policy he has every benefit from it, because he hires workers for 81 cents an hour instead of $1.34 an hour because the workers receive tips.

I maintain that the Committee on Finance was in error in this respect, that the House is correct, and that we should restore the House language.

Mr. LONG of Louisiana. The Senator's argument makes no sense. The Senator compares the wages of the tipped employee and those of the nontipped employee without comparing their duties and their responsibilities. The tipped employee has just as important a job as the nontipped employee but he works under different conditions and has certain opportunities not available to the nontipped employee.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. McCARTHY. Is this not a self-policing situation? A person would pay more in income taxes and pay more in social security taxes, but eventually the Treasury Department would question what he was doing. A penalty is built in, in other words. It would prevent a man from overreporting his income. Is that not correct?

Mr. JAVITS. I thoroughly agree with the Senator from Minnesota. I believe we have made our case. A vote for our position is a vote of "No." In that way we shall sustain the House provision. I hope very much that the Senate will vote that way.

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. President, when this legislation is passed we will have raised social security benefits some 7 percent for the 20 million people who now receive social security checks. We have considered ways, and amendments have been accepted, in the course of this debate, to perfect the social security system—again for the benefit of current beneficiaries and those soon to be beneficiaries. We also have an obligation to see to it that recipients of social security receive incomes after age 65 that are in keeping with the standard of living they have enjoyed when fully employed. This to me is the issue that is basic to the question of treating tips as wages for purposes of social security.

It appears to me that the Committee on Ways and Means had at last found the most equitable and workable way to include tips under social security coverage. There is no doubt in my mind that tips are wages, and any attempt to classify them as a form of income much like that received by the self-employed is an empty comparison. A waiter or waitress is not self-employed in the real meaning of that word.

I know that the Committee on Ways and Means had worked closely with experts in and out of Government to devise a way in which tips could be covered under social security with the smallest possible burden on the employer. The employee would simply report tips paid to him in writing to the employer and, as every other wage earner in the country, would then pay his portion of the social security taxes and the employer would match that with an equal amount. The committee provided as a convenience to the employer that he could withhold the employee's share of the social security tax from current wages on the basis of an estimate of the employee's obligation. This allowed the employer to gear this new procedure into his usual payroll reporting periods. The committee explicitly provided that the employer would have no liability with respect to tips not reported to him and if an employee did not report his tips he would himself be liable for the tax due, as well as for an additional amount equal to the tax.

So what we are talking about is a procedure that appears to have been thoughtfully designed so that these employees would no longer be different from

any others as regards their obligation to the social security system or the benefits that they would receive. I find little in the arguments of the opposition to convince me that the Senate Finance Committee was correct in continuing to differentiate between tip recipients and other wage and salaried people. Tips are wages for services performed in the employer's place of business. It stretches reality to consider them otherwise, and creates the injustice of calling upon these employees to pay the self-employed social security tax rate. I urge the defeat of this committee amendment.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

Mr. LONG of Louisiana. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. Will the distinguished Presiding Officer state the issue?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment to strike section 313 beginning at page 268 after line 2 and to insert a new section.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. If the committee amendment is not agreed to, the result will be to leave in the bill the House provision. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG of Louisiana. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG of Louisiana. Is it correct to state that a vote for the committee amendment is a vote of "yea"?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG of Louisiana. I hope the committee amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. MORSE. Mr. President, the Senate has just accepted by voice vote the language proposed by the Finance Committee relative to coverage of tips for social security purposes. It treats this type of income as income from self-employment.

Since the House bill treats it as income from employment by an employer, it will be up to the conference committee to reconcile these two positions.

I have no quarrel with the Senate language, because the employer does not actually pay out of his income this part of his employees' earnings. That is why I supported the Senate committee's language.

I ask unanimous consent to have several telegrams I have received from Oregon on this matter printed in the RECORD at this point.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

SALEM, OREG.

Senator WAYNE L. MORSE,
*Senate Office Building,*
*Washington, D.C.:*

Sincerely urge your support of provision in bill approved by Senate Finance Committee to treat tip income as self-employment income.

MARION MOTOR HOTEL,
GO. B. NORTH,
*General Manager.*

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MEDFORD, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

Urge support to the proposal that the Senate Finance Committee made pertaining to tax on tips.

Sincerely,

EDGAR DAHACK,
*President, Jackson-Josephine Chapter Oregon Restaurant Beverage Association.*

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GRANTS PASS, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

Our establishment, Larrys Restaurant, Inc., 515 Southeast Rogue River Highway, Grants Pass, Oreg., would like to put in a "No" vote on the proposed bill pertaining to employees being responsible for declaring their tips. This will also cause a hardship on the employer which is more expense to us.

MRS. LARRY BASSETT.

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MEDFORD, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

We urge support of the proposal that the Senate Finance Committee made pertaining to tax on tips.

Sincerely,

RAYMOND ZERR,
BROWNS CAFE, INC.

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MEDFORD, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I respectfully urge you to support the proposal that the Senate Finance Committee made pertaining to tax on tips.

Sincerely,

DON JORDAN MANAGER,
HOLLAND HOTEL

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NORTH BEND, OREG.

Hon. WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

May I urge you to support Senate Finance Committee recommendation regarding waitress tip income aspect of medicare bill.

FRANK SNELGROVE,
THE BROILER

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

FRED MCKEE.
THE GROVE.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

PAUL FORCHUK,
MAYFAIR HOUSE.

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COOS BAY, OREG.

Hon. WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

May I urge you to support Senate Finance Committee recommendation on regarding waitress tip income aspect of medicare bill.

DARRELL BEAUMONT,
CHANDLER HOTEL.

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COOS BAY, OREG.

Hon. WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

May I urge you to support Senate Finance Committee recommendation regarding waitress tip income aspect of medicare bill.

ROBERT PERKINS,
TIMBER INN.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

MARIE ROBERTS,
ROBERTS FINE FOOD.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

TONY PIETROMONACO,
MILTON & OSCAR'S.

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PORTLAND OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

HENRY FORD
HENRY FORD'S RESTAURANT,
*Portland.*

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NORTH BEND OREG.

Hon. WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

May I urge you to support Senate Finance Committee recommendation regarding waitress tip income aspect of medicare bill.

WADE MCDOUGALL.
HILL TOP HOUSE.

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COOS BAY, OREG.

Hon. WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

May I urge you to support Senate Finance Committee recommendation regarding waitress tip income aspect of medicare bill.

PEARL AFFHALTER
BLACK & WHITE CAFE.

PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

LEO BOYCE PORKY'S.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

ROY SMITH SAGEBRUSH.

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COOS BAY, OREG.

Hon. WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

May I urge you to support Senate Finance Committee recommendation regarding waitress tip income aspect of medicare bill.

FOSTER MCSWAIN,
THE COURTEL.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

JOHN E. TEHAN,
SONNYS, 1033 Northwest 16, Portland.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

KENNETH K. GEORGE,
KENNY'S MURAL ROOM.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

HOWARD EASTMAN,
MERLE'S CLUB.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

SLIM JORDAN,
SATELLITE & STARLIGHT.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

ELIO CECCANTI,
MONTE CARLO.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

LYDIA ROHLOFF,
LYDIA'S.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

WILLIAM CAMPBELL,
CLUB 21.

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PORTLAND, OREG.

Senator WAYNE MORSE,
*Senate Office Building,*
*Washington, D.C.:*

I urge your support on the Senate Finance Committee proposal pertaining to the tax on tips. This is the type of proposal I hope you will support.

AL R. HARRIS,
THE PORTSMOUTH.

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MEDFORD, OREG.

Senator WAYNE MORSE,
*Washington, D.C.:*

Urge support to proposal that Senate Finance Committee made pertaining to tax on tips.

BERNEAL O. SLEAD.

AMENDMENTS NO. 310

Mr. SCOTT. Mr. President, I call up my amendments No. 310 and ask for their immediate consideration.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The amendments of the Senator from Pennsylvania will be stated.

The legislative clerk proceeded to read the amendments.

Mr. SCOTT. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

Beginning on page 12, line 1, strike out all through page 134, line 2, and insert in lieu thereof the following:

"TITLE I—HEALTH INSURANCE SIXTY-FIVE ACT AND MEDICAL ASSISTANCE PROGRAMS

*"Short title*

"SEC. 100. This title may be cited as the 'Health Insurance Sixty-Five Act'.

*"Part 1—Health insurance sixty-five, and miscellaneous*

"Subpart A—Health Insurance Sixty-Five

"Entitlement to benefits

"SEC. 101. (a) Every individual who—

"(1) has attained age sixty-five;

"(2) makes application for benefits under this part; and

"(3) at the time such application is made is the beneficiary of a qualified private health insurance policy with respect to which premiums are payable by him (or on his behalf);

shall be entitled to the benefits provided under the health insurance sixty-five program (hereinafter referred to as the 'program').

"(b) Benefits provided under the program to an individual entitled thereto shall consist of one or more money payments, made with respect to any enrollment year, to assist such individual in defraying the premium costs for such year of a qualified private health insurance policy of which he is the beneficiary.

"(c)(1) The aggregate of the amounts payable to an individual as benefits under the program for any enrollment year shall be equal to whichever of the following is the smaller (A) one-half of the premium costs of the qualified private health insurance policy of which he is the beneficiary, or (B) $90.

"(2) Any payment of benefits under the program to which an individual is entitled shall be made—

"(A) directly to such individual by way of reimbursement, in case there has been paid by or on behalf of such individual the insurance premium on the basis of which he becomes entitled to such payment; or

"(B) to the carrier offering the qualified private health insurance policy with respect to which such premium is payable, in case such individual has authorized (in the manner prescribed by regulations) such payment to be made to such carrier.

"Administration of program by Secretary of Health, Education, and Welfare

"SEC. 102. (a) This part shall be administered by the Secretary of Health, Education, and Welfare (hereinafter in this part referred to as the 'Secretary').

"(b) The Secretary shall have authority to prescribe such rules and regulations as he may deem necessary or proper to carry out the provisions of this part.

"(c) Wherever, in this part, the term 'regulation', 'regulations', 'rule', or 'rules', is employed, such term shall, unless the context otherwise indicates, refer to one or more regulations, as the case may be, or one or more rules, as the case may be, prescribed by the Secretary in carrying out the provisions of this part.

"Qualified private health insurance policy

"SEC. 103. (a) The term 'qualified private health insurance policy' means a policy of health insurance which—

"(1) is provided by a carrier or carriers authorized to do business in the State wherein such policy is issued;

"(2) is authorized to be issued within such State under the laws and applicable regulations of such State;

"(3) is approved by the Secretary as providing the benefits described in section 104;

"(4) is provided by a carrier which, in areas served by such carrier, offers such policy to all individuals residing therein who are aged sixty-five or over;

"(5) is offered to individuals aged sixty-five or over on a guaranteed renewable basis;

"(6) contains provisions under which the carrier offering such policy to any individual aged sixty-five or over agrees not to increase, with respect to such individual, the rate of premiums payable therefor for one year following the date such individual subscribes to such policy.

"(b)(1) As used in subsection (a)(5), the term 'guaranteed renewable basis' refers to an insurance policy which is renewable at the time it otherwise would expire at the option of the subscriber of such policy and which cannot be canceled by the carrier except for failure of payment of premiums thereon; except that the reservation by a carrier of the right to terminate an entire policy in a State in accordance with applicable laws and regulations of such State shall not be construed as grounds for disqualifying such policy as being offered on a guaranteed renewable basis.

"(2) No insurance policy for purposes of this part shall be considered to be offered on a guaranteed renewable basis unless increases or decreases in amounts of premiums payable therefor are applied to all subscribers aged sixty-five or over without regard to health condition, health services utilized or claimed, or other personal characteristics of the policyholder.

"Benefits to be provided by insurance

"SEC. 104. (a) No private health insurance policy shall be approved by the Secretary

pursuant to section 103(a)(3) unless the Secretary finds that, under such policy, the beneficiary thereof for any enrollment year is entitled to have payment made by the carrier issuing such policy of the costs incurred by him during such year by reason of his having received any or all of the following services which his physician has determined to be medically necessary—

"(1) inpatient hospital services (but not for more than seventy-five days unless such policy so provides);

"(2) nursing home care (but not for more than sixty days unless such policy so provides);

"(3) surgical services (but not in excess of $300 unless such policy so provides);

"(4) outpatient diagnostic services (but not in excess of $90 unless such policy so provides);

"(5) home health services (but not for more than thirty days unless such policy so provides).

"(b) The Secretary shall approve, for purposes of section 103(a)(3), any private health insurance policy which complies with the requirements of subsection (a).

"Definitions of benefits

"SEC. 105. (a) The term 'inpatient hospital services' means the following items furnished to an inpatient by a hospital—

"(1) bed and board (at a rate not in excess of the rate for semiprivate accommodations) and includes any special foods necessary to fulfill any diet requirements prescribed by the patient's physician;

"(2) general nursing services;

"(3) drugs, biologicals, supplies, appliances, and equipment, for use in the hospital, as are customarily furnished by such hospital for the care and treatment of inpatients;

"(4) use of operating, recovery, and other special rooms; and

"(5) use of laboratory, X-ray, electronic equipment, and other related services for diagnostic purposes.

"(b) The term 'nursing home care' means the following items and services furnished by a nursing home to an individual who is an inpatient thereof, after transfer, upon the recommendation of his physician, from a hospital in which he was an inpatient for not less than seventy-two hours immediately prior to such transfer (but only, in the case of any individual, to the extent that the aggregate cost of such items and services does not exceed $15 multiplied by the number of days such individual is an inpatient in such nursing home)—

"(1) nursing care provided by or under the supervision of a registered professional nurse;

"(2) bed and board in connection with the furnishing of such nursing care;

"(3) physical, occupational, or speech therapy furnished by such home or by others under arrangements with them made by such home;

"(4) such drugs, biologicals, supplies, appliances, and equipment furnished for use in the nursing home as are customarily furnished by such home for the care and treatment of inpatients; and

"(5) such other services necessary to the health of the patient as are generally provided by nursing homes.

"(c) The term 'hospital' means a hospital which is licensed as a hospital in the State in which it is located.

"(d) The term 'nursing home' means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital, or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the nursing home care and related medical care and other services which it provides, and (3) provides nursing care by or under the supervision of one or more registered nurses.

"(e) The term 'outpatient diagnostic services' means diagnostic services which (1) are furnished by a hospital to an individual as an outpatient of such hospital, and (2) are customarily furnished by such hospital to its outpatients for the purpose of diagnostic study. For purposes of the preceding sentence, a service shall be deemed to be furnished by a hospital if such service is provided by others under arrangements with them made by such hospital, and if the service so provided is provided in facilities operated by or under the supervision of such hospital or its organized medical staff, or, in case the service provided is professional service, is provided by or under the responsibility of members of the hospital medical staff acting as such members.

"(f) The term 'home health services' means the following items and services furnished by a home health agency to an individual in a place of residence used as such individual's home—

"(1) part-time or intermittent nursing care provided by or under the supervision of a registered professional nurse,

"(2) physical, occupational, or speech therapy,

"(3) medical social services, and

"(4) medical supplies (other than drugs and biologicals), and the use of medical appliances.

"(g) The term 'home health agency' means an agency which—

"(1) is primarily engaged in providing skilled nursing services or other therapeutic services,

"(2) has policies, established by a group of professional personnel (associated with the agency), including one or more physicians and one or more registered professional nurses, to govern the services (referred to in paragraph (2)) which it provides, and provides for supervision of such services by a physician or registered professional nurse,

"(3) maintains clinical records on all patients, and

"(4) in the case of an agency in any State in which State or applicable local law provides for the licensing of agencies of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing agencies of this nature, as meeting standards established for such licensing.

"Miscellaneous definitions

"SEC. 106. For purposes of this part, the term—

"(a) 'carrier' means a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the costs of, health care or services for individuals under health insurance policies in consideration of premiums payable to the carrier;

"(b) 'health insurance policy' means the policy, contract, agreement, or other arrangement entered into between a carrier, and another person whereby the carrier, in consideration of the payment to it of a periodic premium, undertakes to provide, pay for, or reimburse the cost of, health care or services for the individual who is the beneficiary of such policy, contract, agreement, or other arrangement; and

"(c) the term 'premium' means the amount of the consideration charged by a carrier for coverage by health insurance policy offered by the carrier.

"Payment of benefits by the Secretary

"SEC. 107. (a) The Secretary shall not make any money payment to or on behalf of any individual, as benefits provided by this part, until he is satisfied that—

"(1) such individual is entitled (under section 101(a)) to benefits under this part;

"(2) such payment is in reimbursement of, or will be used for the purpose of paying, one or more premiums payable for a qualified private health insurance policy of which such individual is the beneficiary.

"(b) The Secretary shall establish such procedures as he deems appropriate under which interested parties may obtain a finding by the Secretary as to whether or not a particular private health insurance policy is a 'qualified' private health insurance policy for purposes of this part."

On page 135, line 1, strike out "MEDICAL EXPENSE DEDUCTION" and insert in lieu thereof the following:

"Subpart B—Miscellaneous

"Medical expense deduction"

On page 135, line 2, strike out "106" and insert "110".

On page 136, lines 10, 11, 12, and 13, strike out "(including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged)".

Beginning on page 138, line 11, strike out all through page 141, line 14.

On page 141, line 16, strike out "109" and insert "111".

On page 141, line 24, and page 142, lines 1 and 2, strike out "the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund".

On page 142, lines 4 and 5, strike out "and the programs under parts A and B of title XVIII".

Beginning with the word "The" on page 143, line 13, strike out all through page 144, line 2.

On page 144, line 9, strike out "110" and insert "112".

Beginning on page 144, line 13, strike out through page 159, line 2.

On page 159, line 9, strike out "XIX" and insert "XVIII".

On page 159, line 12, strike out "1901" and insert "1801".

On page 160, line 4, strike out "1902" and insert "1802".

On page 160, line 12, strike out "1903" and insert "1803".

On page 163, line 9, strike out "1905" and insert "1805".

On page 164, line 4, strike out "1905" and insert "1805".

On page 165, line 8, strike out "1905" and insert "1805".

Beginning on page 165, line 24, strike out all through page 166, line 15.

On page 166, line 16, strike out "(16)" and insert "(15)".

On page 166, line 22, strike out "(17)" and insert "(16)".

On page 167, line 25, strike out "(18)" and insert "(17)".

On page 168, line 14, strike out "(19)" and insert "(18)".

On page 168, line 19, strike out "(20)" and insert "(19)".

On page 170, line 12, strike out "(21)" and insert "(20)".

On page 170, line 21, strike out "(22)" and insert "(21)".

On page 173, line 10, strike out "1903" and insert "1803".

On page 173, line 16, strike out "1905" and insert "1805".

On page 175, line 23, strike out "1905" and insert "1805".

On page 178, line 15, strike out "1904" and insert "1804".

On page 178, line 20, strike out "1902" and insert "1802".

On page 179, line 7, strike out "1905" and insert "1805".

On page 182, line 11, strike out "XIX" and insert "XVIII".

On page 182, line 15, strike out "XIX" and insert "XVIII".

On page 183, line 7, strike out "XIX" and insert "XVIII".

On page 183, line 13, strike out "XIX" and insert "XVIII".

On page 183, line 14, strike out "1902" and insert "1802".

On page 183, line 14, strike out "1903" and insert "1803".

Beginning on page 183, line 15, strike out all through page 184, line 2.

On page 184, line 3, strike out "OTHER".

On page 294, line 8, strike out "titles II and XVIII" and insert "title II".

On page 297, line 9 and 10, strike out "no payments shall be made on his behalf under part A of title XVIII,".

On page 297, lines 16 and 17, strike out "and part A of title XVIII".

On page 303, line 21, strike out "(a)".

Beginning on page 304, line 13, strike out all through page 306, line 3.

On page 306, line 9, strike out "(a)".

Beginning on page 306, line 23, strike out all through page 307, line 24.

On page 308, line 4, strike out "(a)".

Beginning on page 308, line 19, strike out all through page 309, line 20.

On page 142, line 19, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, lines 5 and 6, strike out "and the Federal Hospital Insurance Trust Fund".

One page 311, lines 16 and 17, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, lines 18 and 19, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, line 25, strike out "and the Federal Hospital Insurance Trust Fund".

On page 312, lines 1 and 2, strike out "and part A of title XVIII".

On page 364, line 5, strike out "XIX" and insert "XVIII".

On page 365, line 4, strike out "1904" and insert "1804".

On page 366, line 7, strike out "XIX" and insert "XVIII".

On page 366, line 18, strike out "XIX" and insert "XVIII".

On page 367, line 15, strike out "1903" and insert "1803".

On page 367, line 22, strike out "XIX" and insert "XVIII".

On page 369, line 6, strike out "XIX" and insert "XVIII".

On page 369, line 11, strike out "XIX" and insert "XVIII".

On page 369, line 16, strike out "1903" and insert "1803".

On page 371, line 9, strike out "XIX" and insert "XVIII".

On page 386, line 3, strike out "XIX" and insert "XVIII".

On page 386, line 3, strike out "1902" and insert "1802".

On page 386, line 4, strike out "1903" and insert "1803".

Amend the table of contents to the bill so as to reflect the contents of the bill after the foregoing amendments are made.

Mr. SCOTT. Mr. President, my amendment would substitute a health insurance 65 program for the basic hospital insurance and voluntary supplemental insurance plans provided in H.R. 6675. It would help aged individuals to purchase private health insurance policies which will enable them to provide adequate medical care for themselves.

Under my amendment, any individual aged 65 or over would be eligible to receive from the Government cash payments financed from the general revenues to defray the annual premium cost of a health insurance policy purchased by or for him provided that such policy offers at least the benefits specified therein and meets certain other standards spelled out in the amendment.

Such payments would amount to one-half the annual premium of the policy or $90, whichever is smaller. These payments may be made directly to the individual beneficiary in reimbursement for the Government's share of the premium cost, or, if the beneficiary prefers, directly to the insurance company issuing the policy.

The Secretary of Health, Education, and Welfare would administer the program authorized by my amendment and would disburse the benefits payments provided thereunder.

To qualify for coverage under my amendment, a health insurance policy must contain at least the following benefits during the year in which the policy is in operation: First, 75 days inpatient hospital services; second, $300 worth of surgical treatment; third, 60 days nursing home care; fourth, 30 days home health services—including visiting nurse; and, fifth, outpatient hospital diagnostic services. I have been advised that the gross annual premium cost of a policy containing these benefits would be approximately $175.

My health insurance 65 program is preferable to health plans embodied in H.R. 6675 in two respects: First, it is voluntary; and second, it clearly preserves the fiscal soundness of the social security system because it has no connection with that system.

Mr. President, the health plans which my amendment would replace represent a far-reaching revision and extension of the social security system. This system was designed as a bulwark against the loss of earnings when a worker becomes disabled, retires or dies. H.R. 6675 would depart from this basic purpose.

Chairman WILBUR MILLS, of the House Ways and Means Committee, questioned the wisdom of this departure last September when he said:

> The central fact which must be faced on a proposal to provide a form of service benefit—as contrasted to a cash benefit—is that it is very difficult to accurately estimate the cost. These difficult-to-predict future costs, when such a program is part of the social security program, could well have highly dangerous ramifications on the cash benefits portion of the social security system. The American people must be assured of the continued soundness of the OASDI program.

Despite H.R. 6675's establishment of a separate hospital insurance trust fund to be financed by a separate payroll tax, the question raised by Chairman MILLS remains valid.

I strongly support the 7-percent across-the-board increase in old-age, survivors, and disability insurance benefits provided in H.R. 6675. I want, however, to be certain the social security system can support such future increases. What bothers me about the health insurance provisions of H.R. 6675 is the addition of a program of service benefits to the existing system of cash benefits because I do not want to jeopardize the prospect of future increases in the OASDI cash benefits.

The successful operation of the social security system depends upon its financial soundness. I earnestly hope that the system will be able to sustain the burden of a health benefits program as well as the present cash benefits program. If not, I am afraid that Congress will be called upon to increase sharply the payroll taxes which finance the system. This would be an unwelcome task since I doubt that the American people favor unlimited taxation in the area of social security. Otherwise, Congress might have to reduce the cash benefits or health benefits in order to preserve the fiscal soundness of the social security system, surely an equally unwelcome task.

The social security system should stick to its basic purpose and should therefore be divorced from any program to provide health benefits to the aged or any other group of citizens. For this reason, I prefer the approach embodied in my amendment to H.R. 6675.

I urge the Senate to adopt my amendment.

Mr. SMATHERS. Mr. President, very briefly, the Finance Committee does not support this particular proposal of the able Senator from Pennsylvania. As I understand the Senator's amendment, it would reverse the whole philosophy of taking care of elderly people in their hospital and medical needs through social security. That is the same argument—and I respect the able Senator for making it—that was made 4 or 5 years ago by the insurance industry itself and by other very esteemed people. But we have passed that stage, and I think it has been rather evident that the majority of the Members of the Senate as well as the House, and certainly the great overwhelming majority of the people of the United States, desire a medical care program under the social security system. For that reason I hope that the amendment will not be agreed to.

Mr. SCOTT. Mr. President, in this Chamber one always lives with the reality of the situation which immediately confronts him. I think it is fairly obvious what would happen if I were to request the yeas and nays and proceed to a record vote. Therefore, I shall not insist upon a record vote. I yield back the remainder of my time.

Mr. SMATHERS. Mr. President, I thank the Senator. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

SOCIAL SECURITY EXEMPTION FOR THE AMISH

Mr. SCOTT. Mr. President, I am deeply gratified that the social security legislation which we are now considering contains provisions which will enable those with firm and sincere religious convictions against insurance benefits, such as the Amish people of my Commonwealth of Pennsylvania, to file application for exemption from the social security program.

These plain people, as they are known in Pennsylvania, have strong religious scruples against receiving any type of insurance benefits, including social security benefits. They prefer to take care of their own older citizens who may be

disabled, and have been doing just that for years.

I have long urged the Senate to right this injustice because I do not believe that the U.S. Government should be in the position of levying taxes for insurance against people whose religious beliefs forbid their acceptance of insurance benefits.

Mr. PROUTY obtained the floor.

Mr. PROUTY. Mr. President, I yield to the junior Senator from New York.

Mr. KENNEDY of New York. Mr. President, I submit an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The legislative clerk read as follows:

On page 108, it is proposed to delete the parentheses in lines 7 and 9 and all matter enclosed therein.

On page 108, line 10, before the period, it is proposed to insert the following: "; except that, in the case of any State or political subdivision of a State which imposes higher requirements on institutions as a condition to the purchase of services in such institutions under a State plan approved under title I, XVI, or XIX, the conditions so prescribed with respect to such institutions in such State or political subdivision, as the case may be, may not be lower than the requirements so imposed by such State or political subdivision".

Mr. KENNEDY of New York. Mr. President, this amendment is designed to insure that funds supplied to hospitals by the medical care for the aged program do not lower the standards of medical care in any area.

The amendment provides that if State or local standards for hospitals are higher than those specified by the Joint Commission on Accreditation of Hospitals, Federal funds will be administered according to the higher standards.

This amendment insures that there will be no downgrading of existing regulations governing hospital standards in States such as California or cities like New York City. The amendment will prevent Federal law from interfering with State and local law and regulation.

I have been informed that this amendment has the approval of the Department of Health, Education, and Welfare.

Section 1861(e)(8) of the bill as drawn—page 81 of the bill—prohibits the Secretary of Health, Education, and Welfare from enforcing any requirements or standards on hospitals which are higher than those imposed "for the accreditation of hospitals by the Joint Commission on Accreditation of Hospitals." This provision would work a considerable set-back on the efforts of State and local health authorities to upgrade the quality of hospital care.

In New York City, for example, extensive codes have been promulgated for the operation of hospitals; these efforts have been paralleled in California and in certain large cities in other States. An instance of these standards is the New York requirement that only qualified specialists may perform major surgery. The Joint Commission on Accreditation of Hospitals, by contrast, does not attempt to deal with comparable quality standards in more than a minimal fashion.

These State and local health authorities enforce their hospital codes, in the main, by refusing any payments under the medical assistance for the aged program—Kerr-Mills—for services performed in hospitals which do not conform to their codes. This monetary lever—which amounts to about 20 percent of a hospital budget—has been a very effective tool for securing compliance.

But under H.R. 6675, the Federal Government will begin to supply an equivalent amount of money to these hospitals. If the Federal standards are lower than the State and local standards, hospitals will be able to maintain their present volume and scope of operations without complying with the State and local codes—merely ignoring the MAA and other State-controlled payments.

In fact, the following anomalous situation could easily arise: an indigent person over the age of 65 could receive care in a hospital not complying with local requirements, but which did comply with the lower Federal requirements for the 120-day limit provided in H.R. 6675. At the end of that time the money for his care would have to come from the local MAA program—which would insist on his transfer to another hospital.

Moreover, it must be recognized that the Joint Commission on Accreditation of Hospitals is concerned only with minimum standards appropriate for nationwide application. Clearly, however, acceptable minimum standards should vary with resources and with the state of the art: a large metropolitan medical center can and should be held to higher standards of performance than a single practitioner in a health clinic. As cities like New York and States like California develop advanced standards of medical practice, they should be able to enforce them without interference from the Federal Government.

The amendment would deny payments under the basic hospital plan to any hospital in which the comparable service would not be paid for under a State plan for medical assistance for the aged or other federally supported State hospital plans. It would thus coordinate Federal and State action, and allow the States and local authorities to control the quality of medical care in other jurisdictions.

I ask that the Senate accept this amendment.

Mr. LONG of Louisiana. Mr. President, the junior Senator from New York is a stanch advocate of States rights. I join him in his efforts to preserve States rights. I accept the amendment.

Mr. KENNEDY of New York. Mr. President, may I tell the Senator from Louisiana what a pleasure it is to be on his side?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. PROUTY obtained the floor.

Mr. TOWER. Mr. President, will the Senator from Vermont yield briefly without losing his right to the floor?

Mr. PROUTY. I yield to the Senator from Texas without losing my right to the floor.

Mr. TOWER. Mr. President, I have, in the past, indicated many reasons why the proposed medical care system is unwise. It is expensively inadequate, covering only very limited hospital costs and not dealing at all with the crucial problem of long-term illness. In addition, it provides, at taxpayer expense, this limited care for everyone—be he poverty stricken or millionaire.

But, the most pressing objection to medicare is that its enormous expense will push social security taxation beyond 11 percent on employer and employee, perhaps even higher. Even then, funds likely will not be sufficient to meet all the promises of care. There is a real danger the financial stability of the entire social security system will be undermined.

Medicare can destroy social security as we know it.

In January, I introduced the eldercare bill. It would have provided medical care to needy Americans under careful, State-Federal cooperation—and it would not have been tied to or have endangered social security.

One week later, I introduced a bill to increase social security benefits by a 7-percent cost-of-living factor. I am pleased that the bill now before the Senate includes that 7-percent figure along with other improvements in social security benefits.

I am not pleased that unwise governmental fiscal policies have forced the cost of living up, but I do not think we can any longer penalize our older citizens with inadequate social security payments because of the Government's past fiscal mistakes.

I have supported a sound, useful social security system ever since I came to the Senate on June 15, 1961, and voted just 11 days later for the Social Security Act of 1961.

I continue to support a sound, useful social security system. In that light, I support a cost-of-living benefit increase, but I cannot vote for any bill embodying medicare, for I cannot vote to destroy social security.

I wish to add my commendation to that of many other Senators of the distinguished Senator from Nebraska [Mr. CURTIS] for his excellent presentation and to say that I wish to be associated with his remarks.

Mr. CURTIS. I thank the Senator from Texas.

AMENDMENT NO. 314

Mr. PROUTY. Mr. President, I call up my amendment No. 314 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

Mr. PROUTY. Mr. President, I ask unanimous consent that the amendment not be read but that it be printed in the RECORD without reading.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Strike out the table appearing on pages 205 and 206 of the bill, and insert in lieu thereof the following table:

| "I (Primary insurance benefit under 1939 Act, as modified) | | II (Primary insurance amount under 1958 Act, as modified) | | III (Average monthly wage) | | IV (Primary insurance amount) | V (Maximum family benefits) |
|---|---|---|---|---|---|---|---|
| If an individual's primary insurance benefit (as determined under subsec. (d)) is— | | Or his primary insurance amount (as determined under subsec. (c)) is— | | Or his average monthly wage (as determined under subsec. (b)) is— | | The amount referred to in the preceding paragraphs of this subsection shall be— | And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be— |
| At least— | But not more than— | At least— | But not more than— | at least— | But not more than— | | |
| | $19.24 | $40 | $49 | | $83 | $70.00 | $105.00 |
| $19.25 | 24.20 | 50 | 59 | $84 | 101 | 77.00 | 115.50 |
| 24.21 | 29.25 | 60 | 69 | 102 | 132 | 84.00 | 126.00 |
| 29.26 | 35.00 | 70 | 79 | 133 | 178 | 91.00 | 142.40 |
| 35.01 | 41.76 | 80 | 89 | 179 | 225 | 98.00 | 180.00 |
| 41.77 | | 90 | 99 | 226 | 272 | 106.00 | 217.60 |
| | | 100 | 109 | 273 | 319 | 116.70 | 254.00 |
| | | 110 | 119 | 320 | 365 | 127.40 | 292.00 |
| | | 120 | 127 | 366 | 412 | 138.00 | 312.80 |
| | | | | 413 | 450 | 146.00 | 328.00 |
| | | | | 451 | 496 | 156.00 | 346.40 |
| | | | | 497 | 550 | 168.00 | 368.00" |

SEC. 2. Add at the end of the bill the following new sections:

"SEC. . In addition to amounts appropriated under other provisions of law to the Federal Old-Age and Survivors Insurance Trust Fund, there are hereby authorized to be appropriated to such fund, from time to time, such amounts as may be necessary to equal, with respect to each individual who becomes entitled to a benefit under title II of the Social Security Act by reason of the amendments made by this Act, payments to such individuals to the extent that they exceed additional contributions to such trust fund provided for by this Act.

"SEC. . Notwithstanding any other provision of the Act no increase in any social security benefit provided for by this Act shall be counted in determining the annual income of an individual receiving benefits under chapter 15 of the Veterans Pension Act of 1959 or under the first sentence of section 9(b) of such Veterans Act."

Mr. PROUTY. Mr. President, I wish to modify my amendment by striking out all the language appearing on page 3.

The PRESIDING OFFICER. The amendment is so modified.

The language stricken from the amendment is as follows:

SEC. . Notwithstanding any other provision of the Act no increase in any social security benefit provided for by this Act shall be counted in determining the annual income of an individual receiving benefits under chapter 15 of the Veterans Pension Act of 1959 or under the first sentence of section 9(b) of such Veterans Act.

Mr. PROUTY. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PROUTY. Mr. President, the great majority of Americans over the age of 65 live in actual poverty or on the brink of it.

To many, luxuries are a thing unknown and necessities items that one must do without.

They do not live, Mr. President, in the full sense of that word. They exist—great numbers barely surviving—while society seems to go on uncaring, unnoticing their plight.

When I say that the great majority of senior citizens live in actual poverty or on the brink of it, I do not exaggerate; I do not mislead; I do not alter the truth one single whit.

For 80 percent of our older Americans, social security is the principal source of income. Half of them have less than $12.50 a month in other income. One-third have no other income at all.

Do you know, Mr. President, that more than 6 percent of social security retirees receive less than $40 a month?

Do you know, Mr. President, that more than 10 percent receive the minimum monthly benefit of $40?

What courage they must have to face the dawn knowing that they must pay their rent, buy their food and finance their clothing out of a pension that amounts to barely more than a dollar a day.

Yes, the situation is a sad one, but what do we intend to do about it?

The social security provisions of the pending bill will do little to stir the hopes of aged Americans who seek to emerge from the rut of financial frustration and despair. For the nearly 2 million retired people who receive $40 or less a month in the way of social security benefits, the bill provides but $4 additional per month—$48 additional per year.

The rafters of this Chamber will ring this week with glowing terms about citizens in their golden years and about the road to the Great Society. But the years are not golden, Mr. President, they are but tarnished brass and the oft discussed road to the Great Society is but an unpaved promise.

I say to you this day that the 89th Congress ought to hang its head in shame if it spends billions for foreign aid, hundreds of millions for questionable new programs, and then tosses out a few pennies to millions of older citizens.

The amendment I now offer will not do everything that needs to be done, but at least it is a modest step in the right direction—a first step that should be followed by more as the Federal budget permits in future years.

The amendment would increase the minimum benefits from the present $40 a month to $70 a month and increases all the rest of the benefits throughout the scale.

The greatest aid from my amendment, however, will go to those at the very bottom of the list—those who need it most—those most severely mired in poverty.

If there is any Senator in this Chamber who contends that $70 is too much for the aged American let him speak now.

If there is any Senator in this Chamber who believes that a retired man or woman should have to live on $40 a month, let him speak now.

If there is any Senator in this Chamber who would contend that the income problem is a problem affecting few older persons, let him speak now.

Yes, let him deny if he can, the fact that nearly half of our social security recipients receive less than $70 a month.

Let him deny if he can the fact that the average benefit for all retired workers under social security is only about $77 a month.

The older people of this land want this Congress to tell them by deed—not by word—that they are no longer the forgotten Americans.

When I went back to Vermont last year after the adjournment of Congress, retired folks asked me, "How could Senators refuse to give us a minimum of $70 a month for rent and groceries?" I could not answer. "The Congress has broken faith with us," they said, and I had to agree.

A number of studies have been conducted to determine the amount of money a retired couple needs to achieve a "modest but adequate budget." Lenore Epstein of the Social Security Administration has written:

> While the criteria may be crude, there is a striking concentration of evidence demarcating the level of about $2,500 as a measure of modest adequacy for a retired couple.

Mr. President, other sources have indicated that $3,000 is a basic income and that anybody living on a salary lower than $3,000 is living in poverty.

If it takes $2,500 a year for a retired couple to live in modest adequacy, what becomes of a retired couple receiving the average social security income of $130 a month, or $1,560 a year?

What becomes of the two-thirds of the retired couples on the social security rolls who receive less than $1,900 a year?

When the modest but adequate budget for individual retirees is $1,800, as the Bureau of Labor Statistics says it is, what becomes of the retired individual who gets the average of $922 a year?

And what becomes of the individual retiree—and there are over a million of them—who gets the minimum $40 a month full benefit, only $480 a year? Is it possible to live on 26 percent of the so-called "modest but adequate budget"?

The question can best be answered by looking at the contents of the modest but adequate budget, and modifying it to show how a retired worker has to live at a token $40 a month.

The budget provides for almost one egg per day per person. Our $40 a month retiree would thus get the privilege of eating one egg every 4 or 5 days.

The budget provides for a new topcoat every 9 years. Our $40 a month retiree could have one every 35 years. Thus if he retires in Vermont at age 65 on this pittance, he would have to make his topcoat last through 35 beautiful but cold Vermont winters. Then he could expect to buy a new one, unless his family and friends presented him one for his 100th birthday.

The modest but adequate budget permits a retiree the luxury of one round trip bus ride a week to the senior citizen center, or to see his friends, or to go to a clinic, or to attend church. If he is getting only $40 a month, he can expect to take one bus ride a month. Perhaps, if he is the systematic type, he can work out a bus riding schedule: January, to see friends across town; February, to church; March, to see his doctor. If he is shrewd, he will save one bus ride every 35 years to go downtown and pick out his new topcoat.

There is no point belaboring the matter, Mr. President. The facts are clear. At present levels of social security benefits, the retired worker cannot live a decent life. He cannot live his remaining years in the dignity and self-respect he so richly deserves. He lives not in the sunshine of security, but in the penumbra of poverty.

The bill now before us, Mr. President, goes part way in recognizing this great need. It provides for a 7-percent increase in monthly benefits. If it is passed, the retired worker now receiving $40 a month would find himself possessed of the great sum of $44 a month. This means that he would be able to buy that overcoat after only 30 years, instead of 35. He will thus, in the warm, well dressed years between 95 and 100, offer praises to this 89th Congress for its generosity.

Of course, this calculation does not take into account the participation costs for the voluntary medical insurance program set up by the bill. If he elects to participate in that, $3 of his $4 a month increase is already committed in premium payments.

Mr. LONG of Louisiana. Mr. President, would the Senator be willing to agree to a limitation of time on the amendment?

Mr. PROUTY. I do not believe so at this point. I say to my good friend the junior Senator from Louisiana that the welfare of 20 million people in this country is involved in this amendment. I believe that it is worthy of considerable discussion, although I do not intend to take much time.

Mr. President, the social security program ought to provide security. That is the thrust, and the whole thrust, of my argument. If the Congress wishes to do less than that, then let us redesignate the program as the partial security program—a name that is more in accord with the facts.

I should like to be able to tell the Senate that my amendment will correct all the injustices of the present situation; yet I must confess that it is barely more than a beginning. It gives $70 a month to those in the lowest bracket, and but $134 to those in the highest category. Yet the adoption of this amendment will put a few extra groceries on the shelf that is bare, and it will mean fuel for the fire or an overcoat for the older citizen who has neither coal nor clothing to stand off the harshness of winter.

When the Secretary of Health, Education, and Welfare, Mr. Celebrezze, appeared before the Senate Finance Committee last year, he was asked whether he would be willing to supply our old folks with enough additional income through social security so that they could afford reasonably adequate health insurance. The Secretary answered and I quote:

> That wouldn't do what we are trying to do, because social security benefits * * * for low-income people—those without significant other income—are hardly enough to buy the bare necessities of life. If you give people additional money, many are going to spend it for everyday expenses rather than for hospital insurance.

And as if this were not a sufficient damning of the inadequacy of the social security program, Mr. Ball, the Commissioner of Social Security, jumped headlong into the fray and added his 2 cents about why retired people would first spend their increased benefits for the bare necessities of life. Commissioner Ball said:

> Senator, half are below the $2,800 (income) figure. Many have incomes of $1,200, $1,300, $1,500, and so on. At such income levels people might well feel—even with the additional amount you suggest—they might feel they couldn't afford to put all of that into hospital insurance as against other expenses—food, clothing, shelter, and other needs.

What Mr. Ball's statement boils down to is the fact that older Americans do not have enough food or decent clothing or even adequate shelter, and that if you gave them a free choice they would put these items ahead of everything else, including health insurance.

Mr. President, the men and women over the age of 65 who now receive $40 in social security benefits would receive $70 under my amendment.

Those who now receive $70 would be eligible for $91 a month under my amendment and those who now get $120 a month in benefits would receive $134 under by my amendment.

These retired folks who stand to benefit from my proposal are not mere statistics. No calculator shares their hardships; no computor tells their story. They dedicated their lives to making America a better place in which to live. They built our institutions, fought for our country and many gave up their only son in a remote battleground in the last world war.

What have we ever given up for them?

Not very much, and it is high time that we have the honesty to face up to it.

It is my hope, Mr. President, that one day this Congress will be called the Congress that remembered the forgotten American. Yet, unless we do what we must do, it may be recalled as the Congress that tossed $4 worth of change to the older couple with an empty cupboard.

Let us raise our voices and cast our votes in support of decent pensions for the elder human beings of this great nation. If we do this deed—and do it we must—we shall some day say, as Sydney Carton said, "It is a far, far better thing that I do than I have ever done."

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. CURTIS. Much is to be said for a substantial increase in the minimum pay. However, as I stated earlier today, on an average the employer and employee have contributed only 10 percent to the amount of the average benefit. Persons drawing very high amounts have contributed 10 percent of the costs; the other 90 percent is borne by persons who work currently. If they are to be taxed, certainly persons having the least opportunity to provide for their old age should have the greater benefit.

However, one part of the distinguished Senator's amendment disturbs me. Would the amendment provide that a part of the benefit be paid out of general funds?

Mr. PROUTY. That is correct.

Mr. CURTIS. I cannot go along with that part of the amendment. Should the Senator decide to eliminate that part, I shall be happy to vote for his amendment.

We are taxing some 60 or 70 million persons and all the employers of the country, and are providing the highest benefits to persons who need help the least, while paying the lowest benefits to persons who need help the most. On an average, no one has paid more than 10 percent of the cost.

I see no reason whatever to reach into the general fund to help pay a poor man a benefit, and then to reach into the social security fund to pay a wealthy man a benefit when, on an average, people pay only 10 percent of the cost themselves—they and their employers, combined.

I hope that the Senator will not offer his amendment. I am not urging the Senator to offer it. However, should he offer his amendment, I will vote to increase the amount.

Mr. PROUTY. Mr. President, I appreciate the comment of the Senator very much. My objection to modifying the amendment is that it deals with a segment of our population which desperately needs assistance.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. COTTON. This is, in essence, the same amendment which the distinguished Senator offered in the last Congress when the bill was before us?

Mr. PROUTY. Yes.

Mr. COTTON. It was my privilege to join and associate myself with him at that time. I think the Senator is to be highly commended for offering it again during consideration of this bill. In my judgment, it puts the money where it is needed, instead of wasting it. It helps those who need help most. I commend the Senator and again wish to say I associate myself with him in support of his amendment.

Mr. PROUTY. I am most grateful. The increase ranges from 75 percent in the low brackets to 7 percent, which is

the same percentage as in the bill before us, in the upper brackets. We are not treating all people alike. We are giving more to the people who need it most.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. CURTIS. As a general proposition, I am in sympathy with the idea of raising the limit to $70 a month. May I ask, for the purpose of information, at what point does the increase in the Senator's table equal the increase in H.R. 6675 as it came from the committee?

Mr. PROUTY. At the $91 payment, which the Senator will find in the explanation which he has on his desk.

Mr. CURTIS. At the $91 payment?

Mr. PROUTY. Yes.

Mr. CURTIS. How much of this money does the Senator propose to be paid out of the general funds?

Mr. PROUTY. The only part that would be paid out of the general funds is the excess over what is provided for in the bill.

Mr. CURTIS. I cannot go along with that. I feel that here we are today taking the payroll tax to start a medicare program, which on the face of it will take care of all, and immediately going to the general funds to do the job that we ought to have been doing from the beginning under the payroll tax.

Can the Senator tell me what the cost would be out of the general funds?

Mr. PROUTY. Roughly, $600 million. The increase in the bill as reported from the committee is approximately $1.5 billion. My amendment would cost between $500 and $600 million in excess of that.

Mr. CURTIS. The Senator has every right to offer any amendment he chooses. I would like to say that, if it did not provide for drawing on general funds I would support it, but I fear it would be the beginning of raising social security payments and paying for the raise out of the general funds. I think that should not be done because of the fiscal problems we already have.

Mr. PROUTY. I might say that, personally, I would much prefer to have the social security benefits increased beyond what I am proposing, and the medicare provisions left out of the bill. If people are given enough money to live decently, they can provide for their own medical care. But the committee has not seen fit to do that. So we are faced with the problem of taking care of people who have desperate problems, who need shelter, food, and clothing, which cannot be taken care of under the bill.

Mr. CURTIS. That does not answer the question why we should change the system we have followed up to now, and that is paying for it out of the payroll taxes.

Mr. PROUTY. The tax would have to be raised in order to take care of that situation.

Mr. CURTIS. Oh, no. The amount of expenditures for the first year of operation is going to increase $8 billion. All that has to be done is to take some of that money and do justice to the people who are getting $40 a month. The way to write a good bill is to strike out some of that nonsense and do what the social security program was intended to from the very beginning, and pay a cash monthly benefit. Forty dollars is not enough. It is true that, if everything else were kept in the bill, the tax would have to be raised.

Mr. PROUTY. Let me just put these figures in the bill, so Senators will have some basis of comparison.

Those now receiving $40 a month would, under my proposal, receive $70.

Let me put that in a little different form.

Those now receiving between $40 and $58 a month would receive, under my proposal, $77 a month.

Those receiving between $59 and $68 a month, would receive $84.

Those receiving between $69 and $78 a month would receive $91.

Those receiving between $79 and $88 a month would receive $98.

Those receiving between $89 and $98 would receive $106.

Those receiving between $99 and $108 would receive $116.

Those receiving between $109 and $118 would receive $127.40.

Those receiving between $119 and $127 would receive $138.

Thus, the real and substantial benefits would go to those in the low-income brackets who need it the most; but, when one considers that the average payment is only $77 a month for those under social security, I believe we have a problem which we should face.

Mr. President, I yield the floor.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG of Louisiana. Mr. President, I should like to ask if we could not get a unanimous-consent agreement to limit debate on the pending amendment, 15 minutes to a side, 15 minutes to be controlled by the Senator from Vermont and 15 minutes to be controlled by me.

Mr. PROUTY. Mr. President, reserving the right to object, there are quite a few Senators who are not in the Chamber at the moment, and I should like to have the opportunity to suggest the absence of a quorum, and after the Senator has finished his remarks, I should like to have the opportunity to speak briefly.

Mr. LONG of Louisiana. Could we not include that in the unanimous-consent request that the absence of a quorum be suggested? We will then have the quorum call, with the time not to be charged against either side, at the conclusion of which debate could be resumed.

Mr. PROUTY. I should like to get as many Senators in the Chamber as possible. This is an important amendment.

Mr. LONG of Louisiana. I would be happy to accommodate the Senator and have a quorum call, but I should like to ask unanimous consent that at the conclusion of the quorum call the time be limited to 15 minutes to a side, so that Senators could know when they are going to vote, because they will already be in the Chamber and will be ready to vote.

Mr. PROUTY. If the Senator is asking for unanimous consent and a quorum call, and after he has finishing speaking, if anyone else wishes to participate in debate, that we have a quorum call, and that I then be recognized for 15 minutes, it is agreeable to me.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that at the conclusion of the statement made by the Senator from Kentucky [Mr. MORTON] there be a quorum call, and at the conclusion of the quorum call that there be one-half hour for debate on the pending amendment, the time to be equally divided, 15 minutes to be controlled by the Senator from Vermont, and 15 minutes to be controlled by the Senator in charge of the bill.

Mr. ELLENDER. Mr. President, reserving the right to object, I am wondering how long the Senate will sit tonight.

Mr. LONG of Louisiana. At this moment, I do not know. It is hoped that we may be able to adjourn at 7 o'clock p.m., but I really do not know. I must confer with the majority leader about that, as to his views on the matter.

Mr. ELLENDER. I have an hour-and-a-half speech which I should like to make this evening if possible, but if an hour is consumed on the pending amendment, then I shall wait until tomorrow in order to deliver it.

Mr. LONG of Louisiana. Let me say to my colleague that we shall make every effort to accommodate him. I am anxious to hear his address, but I hope that he will let us have this unanimous-consent agreement so that we can vote on the amendment at this time, and I would be happy to listen to the Senator this evening, or, if not then, tomorrow.

Mr. ELLENDER. Are we to understand that the Senate expects to adjourn at approximately 7 o'clock this evening?

Mr. LONG of Louisiana. That would be the hope of the Senator in charge of the bill, but I have not had an opportunity to discuss it with the majority leader. At the time we shall be voting on the amendment, I shall seek to obtain that information and provide it to the Senate.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and the unanimous-consent request is agreed to.

Mr. MORTON. Mr. President, if the absence of a quorum is going to be suggested, and if the Senator in charge of the bill will give me 5 minutes of his 15 minutes in opposition to the amendment, I suggest that we go ahead with the quorum call. I would just as soon talk to a full house, too.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG of Louisiana. Mr. President, the objection to the pending amendment is that it will cost $3 billion. I suggest that the Senate start thinking about the fiscal condition of the United States. I am told that next year's deficit will be—and this is an estimate—approximately $4.660 billion. Therefore, if we agree to the proposed amendment which will cost $3 billion to put into operation, that will mean that we will be voting to have a deficit next year of approximately $8 billion.

The pending amendment would provide this money for these people, whether they really need it or not. I assume that a great portion of this increase in the Federal deficit would result in a saving in State budgets because the States would then be able to reduce their welfare payments.

As an example, in Louisiana, if someone is receiving $44, the State will match what the Federal Government will put up and bring that sum up to perhaps $80, with the State making a substantial contribution. In other States, they will bring the sum up to $100, where the State puts up almost 50 percent of the money. Therefore, adoption of the proposed amendment would be a windfall to State welfare budgets to a considerable extent, but it would put the Federal Government hopelessly in debt for a long time to come, without any prospect of correcting the deficit.

Mr. President, with a deficit next year estimated at approximately $4.660 billion, and the $3 billion which would be necessary to spend if the proposed amendment were to be adopted, we would be incurring the biggest deficit since President Eisenhower's $12.4 billion deficit in 1959. We will be voting for this vast deficit and this vast expenditure, whether the people who would receive the benefits of the amendment need it or not.

The situation reminds me of a cartoon I saw, drawn by Bill Mauldin. It shows Old Joe and Willie at Anzio. They are standing in a muddy gun pit. They are shown collecting the brass artillery casings of the discharged shells and using the casings to make a walkway from the gun pit to their dugout. The necessary artillery attack is ended, but because his feet are getting muddy and he wants to make a walkway of brass artillery shell casings from the gun pit to the dugout, Willie says "Joe, let's shoot five more for effect."

And that in essence is what the Senator from Vermont is proposing here today. Let's spend $3 billion more for effect.

We would be spending a great portion of the $3 billion to help people who really have no need for the money whatever, with the Senator from Vermont saying not to worry about it, let us be sure that these people have plenty of money, all that they need or more, and let us not put it on the payroll tax, let us not do it out of the general revenues which are already running a deficit.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. I yield myself 1 more minute.

It is a fine thing to go home and tell the old folks, "I voted for the higher benefit figure." The Senator from Vermont, in starting with this series of amendments, has taken away my laurels. I have always thought that I had done more than anyone else in connection with this program, but the Senator from Vermont has made me look like a conservative, because I want to give the money to people who need it.

Mr. COTTON. That is the same argument that can be made against medicare. People will get it whether they need it or not.

Mr. LONG of Louisiana. The longer a Senator serves here, I suppose the more he becomes a conservative or tends to be conservative. The Senator from Louisiana tried to add an amendment to the bill to provide for the medical care money to go to the poor man rather than to the millionaire. I lost. So, as a result, we will give these medical benefits to a person who is sick, whether he is a millionaire or a poor man. That is what the Senate will do today.

Now the Senator from Vermont wants to give a big increase in the cash benefits, not out of the social security tax, but by adding it onto the national debt-ridden general revenues. And he would do this whether these persons need the money or not. I have always thought that I was one of the most liberal welfare men in the Senate. I was in error. The Senator from Vermont has absolutely taken my laurels away. He is the new welfare king.

Mr. PROUTY. The increases in the higher brackets are no more than those provided in the bill, which the committee reported, and which, I assume, the distinguished Senator from Louisiana supports. He is a man of compassion. I know he is concerned with the welfare of the people who need help. He is in a difficult position. I am trying to help the poor people who are on social security and who really need this help.

Mr. LONG of Louisiana. The Senator does not even ask the first question, whether they are poor.

Mr. PROUTY. Anyone who is trying to live on $70 a month is poor. The administration claims that everyone with an income of $3,000 or less is poor.

Mr. LONG of Louisiana. I yield myself 1 more minute. I get it from both sides all the time. On one side, the Washington columnists say that RUSSELL LONG will be fired as the majority whip before the sun sets because he is messing up the social security bill, because he has offered an amendment to the bill which related some of the benefits to the needs of the persons involved. On the other side now, the Senator from Vermont says that I am for the administration's position, no matter what the facts show. So no matter what I do, I cannot win. The cost of the program the Senator from Vermont advocates is fantastic. I believe we are doing enough now with the $6.5 billion of benefits already in the bill.

I yield 3 minutes to the Senator from Kentucky.

Mr. MORTON. Mr. President, I find myself in a very difficult position at this time, following this great show between these two talented end men.

However, there are some things I should like to point out. I find myself in opposition to my friend from Vermont. In his argument for his amendment he indicated that if one votes against the amendment he believes that $70 is too much to live on or $40 is not too little to live on. That is not the point. Obviously it is too little to live on.

A person receiving $40 is getting welfare payments from some source or other. What I am afraid is happening is that we are getting welfare into social security. That was never envisaged.

Giving all credit to the merits of the program of the Senator from Vermont—and they are persuasive—that people cannot live on $40 or $70, they could not do that even in 1945. The welfare operation represents an enormous cost. If we are to go into this field, and if the States cannot do it, and the Federal Government must go further, that is an area that we must cover, but not in this bill. A person who is receiving $40 or $50 in social security may have an income beyond that. This often happens. I point out that the proposal of the Senator from Vermont, which is put forward in all sincerity, and is supported by the Senator from New Hampshire, is clearly in the welfare field. I believe that if we once start combining our social security benefits, which come from a trust fund, regardless of the fact that only 10 percent has been paid in, as pointed out, with the welfare program, we might as well do away with social security. I am sure that none of us wants to do that. I am sure the Senator from Vermont does not want to do it. I trust the amendment will be voted down. I am sorry that I find myself in disagreement with my friend the distinguished Senator from Vermont.

I yield back the remainder of my time.

Mr. PROUTY. Mr. President, I am sorry I must disagree with my good friends who have spoken. I am very serious about the amendment. The Senator from Louisiana has suggested that we should have a means test for social security. I would like to take them off the welfare rolls, if it is possible, and put them under a meaningful retirement system.

The Dominion of Canada gives everyone 70 years of age and older $75 a month. The recipients make no contributions to this plan. Our great neighbor to the north puts us to shame.

Mr. MORTON. The Senator points to the Dominion of Canada and says it pays $75 to everyone who is over 70 years of age. Perhaps we should consider such a proposal. That is a matter that should be debated and considered. Perhaps the Senator will wish to introduce such a bill. If he does so, I am sure it will be given serious consideration. However, I do not see why we should take a program that we have had for 30 years and encroach upon the general revenues for this particular social security benefit. I do not know what this cost will be. I have heard mentioned the figure of $600 million. That is what the Senator has stated. I have heard also the figure of

$3 billion mentioned by the Senator in charge of the bill. Somewhere in between is the cost.

These matters should be considered on their merits.

The program will erode to nothing in a few years if we start this practice. I am not talking now about medicare. I am against the medicare proposal. I am talking about social security benefits. If we continue this program, it will be out the window within 3 years.

Mr. PROUTY. Mr. President, I am glad that the Senator has shown some interest in the Canadian system, because I may offer a related amendment later. Eighty percent of the older Americans under social security have this income as their only income. Half of them have less than $12.50 in outside income. One-third have no income at all. Six percent of the social security retirees receive less than $40 a month. It seems to me that in the interest of humanity, Congress can do no less than increase these figures. In the higher brackets I do not exceed the figures in the bill. The excess of $600 million that I have mentioned is accurate. It has been obtained from social security authorities. I believe it is fully justified. I do not wish to take any more time.

I point out that under the social security program there was general revenue refunding up to 1950. That was with the approval of the late President Roosevelt. So this is not a novel approach.

Mr. President, once again I plead for the 20 million old people in this country, most of whom desperately need an increase in social security benefits. I very much hope that the Senate will accord them the increased benefits which they so richly deserve and need.

Is the Senator from Louisiana willing to yield back the remainder of his time?

Mr. LONG of Louisiana. I should like to make a brief statement before yielding back my time.

Not only would the amendment change the principle of the social security program, but also it would cost $3 billion of general revenue. It would not be the most efficient way to spend money under the program.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PROUTY. I should like to know the authority for that $3 billion figure.

Mr. LONG of Louisiana. The estimate is that the proposal would cost 1.1 percent of the payroll. That is the estimate of Mr. Myers, whose word I always take, even if his estimate appears high. He is an honest actuary.

I have heard many people argue about the estimates of Bob Myers. No one has proved him wrong. Most of us believe that Bob Myers is the most honest actuary and the most honest person to estimate the cost of something without fear or favor that we have in government. That is his estimate. He estimates that it would cost a minimum of $3 billion from the general revenue.

Mr. PROUTY. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. PROUTY. Is it not true that the proposal now incorporated in the bill would cost $1.5 billion?

Mr. LONG of Louisiana. Is the Senator asking whether it would cost $1.5 billion?

Mr. PROUTY. Yes. I mean the program presently incorporated in the bill as reported by the committee.

Mr. LONG of Louisiana. The estimate is that it would cost 1.1 percent of the payroll. That works out to $3 billion a year. That is what the actuary estimates it to be. He has been in the business of estimating this kind of thing all his lifetime.

I heard the Senator from Illinois [Mr. DOUGLAS] who at one time was president of the American Association of Economists state that in his judgment the man I have named was the most honest actuary in the entire United States.

So I say that that is what the proposed program would cost—more than $3 billion.

Mr. RUSSELL of South Carolina. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. RUSSELL of South Carolina. As I understand, if we vote for the amendment, we shall impose a burden upon the general revenue fund of $3 billion. If we vote for the amendment, there will be an increase of $3 billion in social security costs.

Mr. LONG of Louisiana. That is correct. That is what the amendment of the Senator would do.

Mr. RUSSELL of South Carolina. We are voting not only for the amendment, but at the same time to increase the appropriation of the Federal Government by $3 billion.

Mr. LONG of Louisiana. That would be the authorization.

Mr. PROUTY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Vermont has 11 minutes remaining.

Mr. PROUTY. Mr. President, I only want to add that Mr. Myers, to whom the Senator from Louisiana was referring, said that the same program which I offered last year would cost $2.1 billion. I have that in memorandum form. I believe it was incorporated in last year's RECORD. Inasmuch as the bill now before the Senate would increase the amount by $1.5 billion, I maintain that my amendment would increase it only another $600 million. If Mr. Myers' earlier estimates are correct in that respect, the program would cost not $3 billion, but only $600 million in excess of the benefit increases provided in H.R. 6675.

The PRESIDING OFFICER. Who yields time?

Mr. PROUTY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Louisiana yield back the remainder of his time?

Mr. LONG of Louisiana. Mr. President, I checked with Mr. Myers before the amendment was offered. He is still firm in the estimate he gave me.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Vermont. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of North Dakota (when his name was called). On this vote I have a pair with the senior Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Michigan [Mr. HART], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Wyoming [Mr. MCGEE] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD] is necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD] and the Senator from Wyoming [Mr. MCGEE] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

If present and voting, the Senator from Nebraska [Mr. HRUSKA] would vote "nay."

The result was announced—yeas 12, nays 79, as follows:

[No. 167 Leg.]

YEAS—12

| | | |
|---|---|---|
| Aiken | Fong | Prouty |
| Allott | Hickenlooper | Scott |
| Cotton | Kennedy, Mass. | Simpson |
| Dominick | Kennedy, N.Y. | Smith |

NAYS—79

| | | |
|---|---|---|
| Anderson | Hill | Muskie |
| Bartlett | Holland | Nelson |
| Bass | Inouye | Neuberger |
| Bayh | Jackson | Pastore |
| Bennett | Javits | Pearson |
| Bible | Jordan, N.C. | Pell |
| Boggs | Jordan, Idaho | Proxmire |
| Brewster | Kuchel | Randolph |
| Burdick | Lausche | Ribicoff |
| Byrd, W. Va. | Long, Mo. | Robertson |
| Cannon | Long, La. | Russell, S.C. |
| Case | Magnuson | Russell, Ga. |
| Church | Mansfield | Saltonstall |
| Clark | McCarthy | Smathers |
| Cooper | McGovern | Sparkman |
| Curtis | McIntyre | Stennis |
| Dodd | McNamara | Symington |
| Douglas | Metcalf | Talmadge |
| Eastland | Miller | Thurmond |
| Ervin | Mondale | Tower |
| Fannin | Monroney | Tydings |
| Fulbright | Montoya | Williams, N.J. |
| Gore | Morse | Williams, Del. |
| Gruening | Morton | Yarborough |
| Harris | Moss | Young, Ohio |
| Hartke | Mundt | |
| Hayden | Murphy | |

NOT VOTING—9

| | | |
|---|---|---|
| Byrd, Va. | Ellender | McClellan |
| Carlson | Hart | McGee |
| Dirksen | Hruska | Young, N. Dak. |

So Mr. PROUTY's amendment, as modified, was rejected.

Mr. MORTON. Mr. President, I move that the Senate reconsider the vote by which the modified amendment was rejected.

Mr. LONG of Louisiana. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

AMENDMENT NO. 330

Mr. CURTIS. Mr. President, I call up my amendment No. 330.

The PRESIDING OFFICER. The clerk will read the amendment offered by the Senator from Nebraska.

Mr. CURTIS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 330) offered by Mr. CURTIS, is as follows:

On page 126, line 13, strike out "programs" and all that follows, and insert in lieu thereof "programs."

On page 123, between lines 13 and 14, insert the following:

"ALTERNATE VARIABLE DEDUCTIBLES UNDER PARTS A AND B RELATED TO INCOME TAX LIABILITY

"SEC. 1876. (a) Except as is provided in subsection (c)(1), the inpatient hospital deductible applicable to an individual under part A with respect to inpatient hospital services furnished to him during any spell of illness shall, if his income tax liability exceeds the amount of such deductible as determined under section 1813, be, in lieu of such amount, an amount equal to his income tax liability, or the amount of the customary charges imposed for the inpatient hospital services furnished him, whichever is the lesser.

"(b) Except as is provided in subsection (c)(2), the deductible applicable to an individual under part B with respect to services provided him thereunder during any calendar year shall, if his income tax liability exceeds $50, be, in lieu of $50 an amount equal to his income tax liability, or the amount of the customary charges imposed for such services, whichever is the lesser.

"(c)(1) The inpatient hospital deductible applicable to any individual—

"(A) who, during any calendar year, has received inpatient hospital services with respect to which the inpatient hospital deductible is subject to increase by reason of the provisions of subsection (a), and

"(B) who, during such calendar year, has received medical or other health care with respect to which the deductible applicable to him under part B has been increased by reason of the provisions of subsection (b),

shall, in lieu of the amount determined under subsection (a), be (i) the amount determined under subsection (a) minus the amount by which his deductible under part B was increased (by reason of the provisions of subsection (b)) over $50, or (ii) the amount determined under section 1813, whichever is the greater.

"(2) The part B deductible applicable to any individual—

"(A) who, during any calendar year, has received medical or other health care with respect to which the $50 applicable thereto is subject to increase by reason of the provisions of subsection (b), and

"(B) who, during such calendar year, has received inpatient hospital services with respect to which the inpatient hospital deductible has been increased by reason of subsection (a),

shall, in lieu of the amount determined under subsection (b), be (i) the amount determined under subsection (b) minus the amount by which his inpatient hospital deductible under part A was increased (by reason of the provisions of subsection (a)) over the amount determined under section 1813, or (ii) the amount determined under part B (without regard to this section), whichever is the greater.

"(d) For purposes of this section, the term 'income tax liability' means, when applied to any individual, the amount of the tax imposed on such individual for the taxable year under chapter 1 of the Internal Revenue Code of 1954, reduced by the sum of the credits allowable under part IV of subchapter A of such chapter (other than the credit allowable under section 31 of such Code).

"(e) For purposes of subsections (a) and (b), an individual's income tax liability shall be determined on the basis of his last taxable year which ends prior to the date he commenced to receive the services with respect to which the deductible under subsection (a), or (b), as the case may be, is being determined.

"(f) In the case of any individual who is married and files a joint income tax return with his spouse, the income tax liability of such individual shall be deemed to be one-half of the joint income tax liability of such individual and his spouse."

Mr. CURTIS. Mr. President, I advise Members of the Senate that I expect to ask for a rollcall on this amendment.

Mr. President, I ask for the yeas and nays now.

The yeas and nays were ordered.

Mr. CASE. Mr. President, will the Senator yield briefly?

Mr. CURTIS. Mr. President, I ask unanimous consent that I may yield to the Senator from New Jersey without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. Mr. President, I call up my amendment, which is at the desk, and ask that it be stated.

Mr. LONG of Louisiana. Mr. President, reserving the right to object—and I shall not object—I hope the amendment can be agreed to. We have discussed the amendment. It is not controversial. If we can dispose of it now, without the Senator from Nebraska losing his right to the floor——

Mr. CASE. Mr. President, I ask unanimous consent that my amendment may

be considered without the Senator from Nebraska losing the floor.

The PRESIDING OFFICER. Is there objection to the request that the amendment of the Senator from Nebraska may be set aside temporarily so that the Senate may proceed to the consideration of the amendment of the Senator from New Jersey [Mr. CASE]?

Mr. LONG of Louisiana. Without the Senator from Nebraska losing his right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment offered by the Senator from New Jersey will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CASE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. CASE is as follows:

On page 141, line 20, insert after "(a)" the following: 'As soon as practicable after enactment of this section, the Secretary shall appoint an Advisory Council on Social Security for the purposes set forth in subsection (e)."

On page 143, line 8, after "Council" insert the following: (other than the Council appointed under the first sentence of subsection (a))".

On page 144, strike out line 5 and insert in lieu thereof: "exist.

"(e) The Council appointed under the first sentence of subsection (a) shall make a comprehensive study of nursing home and other extended care facilities in relation to extended care services under the insurance program under part A of title XVIII, including the availability of such facilities and the types and quality of care provided in such facilities, and shall report its findings and make recommendations based thereon with a view to action necessary to make maximum use of such services and facilities to provide high quality care in extended care facilities under such program. Such Council shall make its report to the Secretary not later than one year after the date of the enactment of this section, which report shall thereupon be transmitted to the Congress, and thereafter such Council shall cease to exist."

Mr. CASE. Mr. President, I have discussed the amendment with the leaders and managers of the bill on both sides. I understand that the amendment is acceptable.

My amendment would establish immediately the Advisory Council on Social Security in order to conduct a comprehensive study of the nursing home field as it relates to the provision of post-hospital extended care under the hospital insurance section of the pending bill.

Put simply, the purpose of this study is to tell us how the nursing home can be most effectively used in doing the job we expect it to do under the bill.

As the Senate bill now stands, it would provide for up to 100 days of nursing home care in each spell of illness. The intent of this is to provide curative and rehabilitative care rather than custodial care. A qualifying facility would be required, among other things, to have a transfer agreement with a hospital. The transfer agreement is designed to remove any barriers to admission of the patient to a nursing home as well as to provide that his medical records will follow him from a hospital. In effect, this transfer agreement establishes a new relationship between hospitals and nursing homes, not as close as the requirement in previous bills that nursing homes be affiliated with hospitals.

The nursing home provision of the bill does not take effect until January 1, 1967.

This means that we have an 18-month period in which to make certain that the promise of nursing home care envisioned by the bill is not a hollow one, that adequate space will be made available to patients and that the care provided is of the highest quality.

At present, according to the best information I have been able to get, there are approximately 23,000 nursing homes of all varieties in the United States. These include approximately 9,700 "skilled care" homes which provide a loose combination of convalescent and custodial care. The remainder generally are of a variety that ranges from boarding houses to well-equipped homes for custodial care.

I think it is significant that of these 9,700 "skilled care" nursing homes, according to a Public Health Service survey, only about 50 percent employ a full-time registered nurse on the staff. In this connection, I would like to point out the shortage of both registered and practical nurses which now exists. What will be the impact of this shortage on the nursing home program in view of the fact that all homes would be required under the bill to employ at least one registered nurse full time?

Another point to be considered is that along with the new relationship established between hospitals and nursing homes, accreditation of nursing homes is largely in its infancy. Several groups have been trying to get broad programs of accreditation started in both the proprietary and nonprofit fields. An effective system of accreditation is an essential element in assuring adequate care. Under the bill, the determination of the system of accreditation is given to the Secretary of Health, Education, and Welfare.

These are some of the reasons—plus the basic lack of information in this whole field—why I have introduced this amendment to provide for a comprehensive study of the field to determine both its strengths and weaknesses, and to make recommendations to the Congress as well as the Secretary of Health, Education, and Welfare.

In effect, my amendment would advance the appointment of the Advisory Council on Social Security in order to deal immediately with the problem of nursing home care. The first Council would be established as soon as is practical after enactment of the legislation. It would be required to report to Congress a year following enactment.

The Advisory Council is, I believe, the most appropriate body to do this job. Responsibility for this study would be consistent with the recognition by the last council that "advisory councils review the substantive provisions of the program as well as its financing." The House Ways and Means Committee and the Senate Finance Committee have already responded to that recommendation by directing that the next Council report on all aspects of the program—including the new hospital insurance and supplementary medical insurance programs established under the bill—and on their impact on the public assistance programs.

Mr. President, I should like to make it clear that I fully support the proposed program of extended care provided in the bill. This would be a most timely and beneficial program. But by the same token I want to avoid situations where our people are placed in substandard nursing homes and exposed to the danger of inadequate care, fire, deplorable living conditions, and the atmosphere of hopelessness they breed. By making careful preparations now, we can overcome these problems before, rather than after, the program goes into operation. The study I propose is designed to get the program started on the right foot.

Mr. LONG of Louisiana. Mr. President, this is the amendment which requires the committee to make a study and early report on the program. Is that correct?

Mr. CASE. Especially the Advisory Council, on the nursing home aspects of the program.

Mr. LONG of Louisiana. Mr. President, the amendment is agreeable.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska [Mr. CURTIS].

Mr. HICKENLOOPER. Mr. President, will the Senator from Nebraska yield to me, for the purpose of asking a question of the Senator from New Mexico, without his losing the floor?

Mr. CURTIS. Mr. President, I yield for that purpose, provided it is understood that I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, I would appreciate it if I could ask a question of the Senator from New Mexico [Mr. ANDERSON], who I think has peculiar knowledge of this particular matter, about the application of the bill to the situation in Iowa with respect to medical services of pathology and radiology in connection with our hospitals. So far as I know, ours is the only State in the Union that has legislated on this particular situation, providing a means and method by which radiologists and pathologists will serve patients within a hospital and be recognized by law as medical services.

At this point in the RECORD I ask unanimous consent to have printed the Iowa statutes beginning with number 135B.19 through 135B.30, which specifically set out the legislative arrangements which were made as between hospitals and doc-

tors in Iowa with respect to this matter, in order to clarify the situation.

There being no objection, the statutes were ordered to be printed in the RECORD, as follows:

PATHOLOGY AND RADIOLOGY SERVICES IN HOSPITALS

135B.19—Title of division: This law may be cited as the "Pathology and radiology services in hospitals law." (57GA, ch. 92, sec. 1.)

135B.20—Definitions: Definitions as used in this division:

1. "Hospital" shall mean all hospitals licensed under this chapter.

2. "Doctor" shall mean any person licensed to practice medicine and surgery or osteopathy or osteopathy and surgery in this State.

3. "Technician" shall mean technologist as well.

4. "Joint conference committee" shall mean the joint conference committee as required by the joint commission on accreditation of hospitals or, in a hospital having no such committee, a similar committee, an equal number of which shall be members of the medical staff selected by the staff and an equal number of which shall be selected by the governing board of the hospital.

5. "Employees" as used in section 135B.24, and "employment" as used in section 135B.25, shall include and pertain to members of the religious order operating the hospital even though the relationship of employer and employee does not exist between such members and the hospital. 57GA, ch. 92, sec. 2.)

135B.21—Functions of hospital: The ownership and maintenance of the laboratory and X-ray facilities and the operation of same under this division are proper functions of a hospital. (57GA, ch. 92, sec. 3.)

135B.22—Character of services: Pathology and radiology services performed in hospitals are the product of the joint contribution of hospitals, doctors, and technicians, but these services constitute medical services which must be performed by or under the direction and supervision of a doctor, and no hospital shall have the right, directly or indirectly, to direct, control or interfere with the professional medical acts and duties of the doctor in charge of the pathology or radiology facilities or of the technicians under his supervision. Nothing herein contained shall affect the rights of third parties as a result of negligence in the operation or maintenance of the aforesaid pathology and radiology facilities. (57GA, ch. 92, sec. 4.)

135B.23—Agreement with doctor: Each hospital shall arrange for such services and for the direction and supervision of its pathology or radiology department by entering into either an oral or written agreement with a doctor who is a member of or acceptable to the hospital medical staff. Such doctor may or may not be a specialist. The department may be supervised and directed by a qualified member of the staff and specific services may be referred to a specialist, or the specialist may also direct and supervise the department as may be desired. Any contract so entered into shall be in accordance with the provisions of this division. (57GA, ch. 92, sec. 5.)

135B.24—Employees: Unless the department is leased or unless the hospital and doctor mutually agree otherwise, technicians and other personnel, not including doctors, shall be employees of the hospital, subject to the rules and regulations of the hospital applicable to employees generally, but under the direction and supervision of the doctor in charge of the department as set forth elsewhere in this division. (57GA, ch. 92, sec. 6.)

Referred to in section 135B.20.

135B.25—Hiring and dismissal of technicians: The doctor and hospital shall mutually agree upon the employment of any technicians necessary for the proper operation of said department and no technicians shall be dismissed from said employment without the mutual consent of the parties, provided, however, that in the event the hospital and doctor are unable mutually to agree upon the hiring or discharge or disciplining of any employee of said department, the matter shall be promptly submitted to the joint conference committee for final determination. (57GA, ch. 92, sec. 7.)

Referred to in section 135B.20.

135B.26—Compensation: The contract between the hospital and doctor in charge of the laboratory or X-ray facilities may contain any provision for compensation of each upon which they mutually agree, provided, however, that no contract shall be entered into which in any way creates the relationship of employer and employee between the hospital and the doctor, and a percentage arrangement is not and shall not be construed to be unprofessional conduct on the part of the doctor or in violation of the statutes of this State upon the part of the hospital. (57GA. ch. 92, sec. 8.)

135B.27—Admission agreement: The hospital admission agreement signed by the patient or his legal representative shall contain the following statement:

"Pathology and radiology services are medical services performer or supervised by doctors, and the personnel and facilities are or may be furnished by the hospital for said services. Charges for such services are or may be collected, however, by the hospital on behalf of said doctors pursuant to an agreement between said doctors and the hospital, and from said charges I consent that an agreed sum will be retained by the hospital in accordance with an existing agreement between the doctor and the hospital." (57GA, ch. 92, sec. 9.)

135B.28—Hospital bill: The hospital bill shall properly include the charges for pathology and radiology services as long as the name of the doctor is stated and it fairly appears that the charge is for medical services. The said hospital bill shall also contain a statement substantially in the following form:

"The pathology and radiology charges are for medical services rendered by or under the direction of the doctor listed above and are collected by the hospital on behalf of the doctor, from which charges an agreed sum will be retained by the hospital in accordance with an existing agreement to which retention you consented at the time of your admission to the hospital. (57GA, ch. 92, sec 10.)

135B.29—Fees: All fees to be charged by the doctors for pathology and radiology services shall be mutually agreed upon by the hospital and the doctor. In the event dispute shall arise between the parties the matter shall be submitted to the joint conference committee for final determination. (57GA, ch. 92, sec. 11.)

135B.30—Radiology and pathology fees: Fees for radiology and pathology services must be paid for as medical and not hospital services. In all cases where payment is to be made by a corporation organized pursuant to chapter 514, payment for radiology and pathology services shall be made by a medical service corporation and not by a hospital service corporation. (57GA, ch. 92, sec. 12.)

Mr. HICKENLOOPER. If I may ask the Senator from New Mexico a question and receive his answer, because of his familiarity with the matter because of his work on the bill, I would appreciate it. My question relates to the intents and purposes of the Iowa statutes, to avoid any confusion concerning the administration of this bill in Iowa. I wish to ask the question of the Senator from New Mexico, or some other Senator, if he would care to refer it to another Senator; but since the Senator from New Mexico has seen the Iowa statutes and is familiar with them, I am sure he knows the answer.

I have underlined my question so much that I am having trouble interpreting it.

It has been stated by some that if the physician's services under the pending bill are billed to the hospital, they will be paid up under part A. We are told that it is not the intent of this provision to disrupt existing arrangements.

In view of the Iowa statutes, which I have asked to have printed in the RECORD, and which the Senator from New Mexico is familiar with—and which I understand other members of the committee and staff members are familiar with—would the enactment of H.R. 6675, as amended, and as it now appears, to include the services of pathologists and radiologists as inpatient hospital service honor the intents and purposes of both the Iowa law and the bill now before the Senate if it were enacted into law?

Mr. ANDERSON. Yes. I say to the Senator from Iowa, after examining the statutes, the history of the statutes, having had them examined by people from the Social Security Board, and after consultation with the manager of the bill, I can give him this answer:

Whenever the specialist submits his bill directly to the patient the bill is covered under part B—the supplementary program—and not under part A. If he bills through the hospital, it is paid under part A.

Therefore, the Senate Finance Committee proposal would not disturb the situation in Iowa. It is not inconsistent with the Iowa law. Nor would it require any change in the Iowa law or contracts entered into in pursuance thereof.

I believe the Senator from Iowa can confidently rely on that to be the interpretation of the Social Security Board as to what the act means.

Mr. HICKENLOOPER. I thank the Senator for that statement in answer to my question. I am glad to have it as a part of the legislative history of this bill.

I thank the Senator from Nebraska for for yielding to me.

Mr. CURTIS. Mr. President, the purpose of my amendment No. 330 is for the purpose of withholding the benefits of this measure from individuals well able to pay their medical bills. It does so in a very generous way. Four out of five citizens over 65 years of age will not be affected by my amendment. The upper 20 percent in income will be affected. The purpose of the amendment—and an explanation is set forth in typewritten form on the desk of every Senator at the present time—is to reduce the costs of the hospital insurance portion of the bill under part A, and the supplemental medical benefits portion of the bill under part B, by providing for a variable deduction based on the ability of the beneficiary to pay.

There is in the bill as reported by the committee a deductible for hospital expense under part A which for the present

is $40 for any spell of illness. This is found on page 22, line 11, of the bill. Under amendment No. 330, the deductible would be the current deductible of $40 or the previous year's income tax liability, whichever is higher.

H.R. 6675, as currently written, provides for a $50 annual deduction for doctor and surgeon and certain related expenses under Part B. This is found on page 45, line 14. Amendment No. 330 would make this annual deductible under part B $50 or the previous year's income tax liability, whichever is higher.

This amendment is so drawn that if a beneficiary has both hospital and doctor expenses that the increased portion of the deductible provided by this amendment shall be applied only once and not twice.

All individuals over 65 who were not required to pay any income tax in the previous year would be unaffected by this amendment.

That is the lower 80 percent. This is most generous. Four out of five individuals over 65 do not pay any individual income tax. This does not affect them. This relates to those who are able to pay.

Mr. SALTONSTALL. Mr. President, will the Senator from Nebraska yield for a question?

Mr. CURTIS. I am happy to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I believe that there is great merit in the Senator's amendment. I should like to ask him this question: On page 2 of his amendment, line 9, he is talking about an amount equal to the income tax liability that will affect only 20 percent of the people, or the amount of the customary charges imposed for the inpatient hospital services furnished him, whichever is the lesser.

What the Senator is saying is that if a man has an income tax of $1,000, or $2,000, he would not pay his income tax amount but he would pay the hospital charges which would be possibly $50 or $60 a day, or what?

Mr. CURTIS. First, let me say that with the husband and wife provision, the two of them would have $15,000 or thereabouts before they would pay a $1,000 tax. The meaning is this: If he is paying an income tax of $1,000 and he has an illness that costs $10,000, this program would pay only $9,000 of it. He has a deductible of $1,000. But if he has an illness only once of $500, he would have to pay the whole of it. That is where the "lesser" comes in.

Mr. SALTONSTALL. In other words, it is not the whole of his income tax with which he would be charged?

Mr. CURTIS. No. That has nothing to do with the charge. It is the deductibility. We might make a crude comparison to the deductibility clause in automobile insurance. If we have collision insurance, known as $100 deductible, that means that the owner would pay $100 or any damage to his car, and if the amount was more, the insurance company would pay the difference. This is an income tax by using the vehicle of deductibility.

Mr. SALTONSTALL. I am using the wrong language. The Senator has explained what I had in mind. In other words, he pays either the variable deductible or the amount of the customary hospital charges imposed, whichever is the lesser.

Mr. CURTIS. The Senator is correct.

Mr. SALTONSTALL. I thank the Senator.

Mr. CURTIS. If the bill is less than his income tax, he has to pay the whole of the bill.

Mr. President, those individuals over 65 who do have income in such an amount that they pay an income tax will pay a greater portion of their hospital and medical expenses based upon their income tax liability of the year before.

In the case of a husband and wife filing a joint return, this amendment provides that each would be presumed to have a tax liability of one-half of the amount required to be paid on the joint return.

The income tax liability has been used in this amendment instead of the amount of the income.

The income tax liability has been used as a measuring device rather than the amount of the individual's income because it has many advantages. An individual's income tax liability is arrived at under explicit laws and regulations. It is a term that is easily defined. All citizens over 65, or someone acting for them, could readily provide the answer to the question as to whether or not the beneficiary paid any income tax in the previous year and if so, how much.

He comes into the hospital and he is asked, "Did you pay an income tax last year?" the reply might be, "No." Then he would be told, "Then this amendment does not apply to you." He has the $40 deductible he must bear before the benefits would flow to him. If he should say, "Yes, I did pay an income tax, I paid a $500 income tax last year," he would not get anything until his combined hospital, doctor and other bills exceeded $500.

Mr. LAUSCHE. At this point, would he be exempted from the payment of his tax?

Mr. CURTIS. No. This is just a measuring device.

Mr. LAUSCHE. A measuring device.

Mr. CURTIS. Yes, a measuring device to determine whether he should have his bills paid by the workers of this country by increasing their social security taxes. I have used the income tax liability, because that is something which can be easily ascertained. There are no administrative difficulties regarding it.

It is estimated by the Social Security Administration—I obtained this figure this morning from the chief actuary there—that 80 percent of our population over 65 years of age, neither husband nor wife pay any income tax. Therefore, we are talking about the upper 20 percent in income level. This means that the entire group of 80 percent would not be affected by the amendment. This amendment is intended to reach those individuals who are well able to pay all or a greater part of their own medical expenses.

I invite the attention of the Senate to another point. It is estimated by the Social Security Administration—and again I am quoting the chief actuary there—that adoption of my amendment would save at least $420 million, and possibly $480 million, annually.

I happen to be a Member of the Senate who still considers half a billion dollars to be a great deal of money.

Mr. LAUSCHE. Mr. President, will the Senator from Nebraska yield for a question?

Mr. CURTIS. I yield.

Mr. LAUSCHE. Does the principal objective of the Senator's amendment contemplate dealing with persons such as Members of the Senate who have an income adequate to pay their own medical expenses instead of having the Government pay for them through the operation of those financially deficient?

Mr. CURTIS. The Senator is correct. By using the system of deductibles, in the case of an individual with some income who has a catastrophic illness, he will still get something, but the deductible will come first. The trouble with trying to draw a line and saying, "Those under this line get the benefits, and those above the line do not," is that it is unfair to an individual who pays $500 in income tax, by letting a person pay the expenses of his illness if the income does not exceed $500.

Mr. LAUSCHE. Mr. President, will the Senator yield for one question, or would he rather conclude his statement?

Mr. CURTIS. I would rather illustrate a few figures on the table before me. I am about to recite a table showing estimates of tax liability of an individual over 65 years of age at varying levels of income.

Attention is invited to the fact that the social security benefits are not income for the purpose of taxation; consequently, the table relates to taxable income above and beyond the social security benefits.

I ask unanimous consent that this table be made a part of the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Federal individual income tax liability, 1965 and after—Single person, 65 years of age or over, with standard deduction* [1]

| Adjusted gross income: | *Tax liability* [2] |
|---|---|
| $ 2,000 | $ 58 |
| $ 2,500 | 132 |
| $ 3,000 | 213 |
| $ 3,500 | 297 |
| $ 4,000 | 390 |
| $ 4,500 | 476 |
| $ 5,000 | 557 |
| $ 7,500 | 1,031 |
| $10,000 | 1,580 |
| $25,000 | 7,430 |
| $50,000 | 21,270 |

[1] The above table was prepared by the staff of the Joint Committee on Internal Revenue Taxation.

[2] These figures represent the maximum tax liability of the single person, 65 years of age or over; use of itemized deductions and/or the presence in adjusted gross income of certain types of income, such as capital gains or retirement income (pensions, annuities, interest, dividends, rents), could reduce the tax liability. For example, the presence of retirement income could reduce the tax liability by up to $228.60.

Mr. CURTIS. Mr. President, let us consider the table before us. Copies have been furnished to all Senators. I wish to be absolutely fair in the presentation of the amendment. I do not wish to exaggerate. Therefore, I have stated the maximum tax liability. Actually, the tax would be less, because I have taken the adjusted gross income. If a person has a pension or has income from dividends, or income from rents, which qualifies as retired income, his tax liability is reduced by as much as $228.60.

Perhaps a part of his income is from capital gains. That figure would be further reduced. This is the maximum that could happen. It will be noticed that the maximum which an individual with a $5,000 income and beyond—that is not counting social security—can get is $557. Let us say that a husband and wife file a joint return, and it will be presumed to be half income of the husband and half of the wife. They have an income of $10,000 beyond their social security benefits. If they have an illness which does not exceed in cost $557, they must pay the costs.

That is how simple it is.

Let us suppose that a couple has an income of $4,000 a year and files a joint return. I have stated this on the conservative side. A couple having $4,000 in income beyond their social security have a deductibility of $58. If they have an income of $5,000, each is presumed to have an income of $2,500. In that case each would have a deductibility of $132.

I wish to correct one thing. A moment ago I was referring to the couple who would have a combined income of $5,000. The deductibility would be $557. It would apply to each one. Suppose only one of them becomes ill during the year. They would have to pay the first $557 of that expense.

There is considerable merit to this approach, and I shall try to show why. Suppose someone meets with a disaster and he is in a high income bracket. Suddenly he has no income; he pays no income tax. He will then be protected. Suppose someone who has a few dollars of income pays a tax, and for most of the year his medical expenses are below the amount of the exemption. He does not receive any benefit.

Suppose a catastrophic illness strikes him. I can recite some cases in which individuals have been in hospitals for 30 months continuously. In a case like that an individual in an upper bracket would get something.

An individual having an income of $50,000 a year would have to pay his own bill, unless it exceeded $21,000.

I do not believe that the men and women who work, which include the blind and the physically handicapped, and people who work for low wages, should have their taxes increased to pay the medical bill of anyone who has an income of $50,000.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. LAUSCHE. I get back to the objective that I had in my earlier questions to the Senator. The Senator states that his amendment would not affect 80 percent of the present beneficiaries of the social security fund.

Mr. CURTIS. No; beyond that. Eighty percent of everyone over 65 years, whether he is on social security or not.

Mr. LAUSCHE. It would affect only 20 percent, and those are individuals who are considered in the higher income brackets.

Mr. CURTIS. The Senator is correct.

Mr. LAUSCHE. So the purpose of the Senator's amendment is to impose a greater burden on the higher income brackets, and to lessen the burden of medical expenses on the lower income bracket.

Mr. CURTIS. Yes. I wish to be honest. It has another purpose. If we adopt the amendment and pay the hospital and medical bills of men and women in various communities of the country, and that continues for a while, what will happen when an amendment is offered to strike out the age limit?

What will happen when someone mentions a man who is 40 years of age who is supporting children and paying for his home and paying for his life insurance, with some medical expenses to pay. If we have a deductible, it will prevent abuses that we cannot afford. It will prevent abuses that will bring the program into disrepute. It will prevent additional demands being made on the system.

If we wish to have a Government health program to cover the population from the cradle to the grave, we should pass a bill about which the people in the little town in which I live would say, "We will have people whose income taxes will be paid by a government that has not balanced its budget in years and years."

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. LAUSCHE. Am I correct in my understanding that the 20 percent in the high income bracket would be permitted to deduct from their income tax——

Mr. CURTIS. No; this has nothing to do with the income tax obligation.

Mr. LAUSCHE. It is only a measure?

Mr. CURTIS. It is a measuring stick to determine whether a person would receive the benefit of any medicare in this bill; and if so, how much?

If an individual pays a $500 tax, which would represent about a $4,600 income, and probably would be more, because I have not allowed for things such as capital gains, he would have an income of at least $4,500 or $4,600, and if he had an illness which cost less than $500, he would have to pay for it himself. It would mean that an individual who could pay something would receive some help on costly illnesses.

I hope that the amendment will be adopted. I can think of only one theoretical argument against it, and that is purely theoretical. It is likely to be made on the floor of the Senate. Someone might say, "What will happen if a wealthy man puts all of his wealth in tax-exempt bonds and pays no income tax?"

That will not happen. People of wealth who have sophisticated ideas about investing in tax-exempt bonds also have other investments, because there is no opportunity for growth in bonds. The record shows that most tax-exempt municipal bonds are held by banks, other institutions, and fiduciaries. I have asked countless taxmen in the field with whom I have discussed the amendment—"Do you have any client who would escape this amendment because all of that person's wealth is in tax-exempt bonds?"

They have said, "No; it does not happen."

Those who are involved in such investments, so far as they know in all their experience, are people who have great wealth, are paying a sizable tax, and have investments in growth stocks, which, of course, are not tax exempt.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. CURTIS. Yes, I yield; then I shall be ready to vote.

Mr. COTTON. By and large, are not the people in the upper 20 percent income bracket those who also have private health insurance, such as Blue Cross, Blue Shield, Aetna, or something else?

Mr. CURTIS. Probably.

Mr. COTTON. Therefore such a person, who pays an income tax of $500 would have to pay the first $500 of his hospital and doctor bills, but a large part of that $500 would be absorbed by his private health insurance. Is that correct?

Mr. CURTIS. Oh, yes. Those who are at least in the upper 20 percent bracket would have funds to buy their own hospital and medical insurance.

Mr. COTTON. Therefore if the Senator's amendment were adopted, the provisions in the bill for medicare would remain completely unimpaired for 80 percent of the people in this country over 65 years of age. It would apply to the upper 20 percent in proportion to the income tax they paid; even though that particular group in most instances would be protected by private insurance; is that correct?

Mr. CURTIS. Not only that, but they would be protected in case a prolonged, costly, and catastrophic illness hit them. After the amount went beyond the deductibility, they would receive benefits, like anyone else.

Mr. COTTON. Therefore the younger people of our country who are striving to support their families, educate their children and buy their homes would not, through taxation, pay so much in order to pay the hospital and doctor bills of millionaires.

Mr. CURTIS. That is correct.

Mr. COTTON. I am for the Senator's amendment. It would meet my objections to the present medicare proposal.

Mr. CURTIS. In closing, I wish to say that the amendment would save $500 million annually—and that is a great deal of money. The program will run from now on, or it will be wrecked. It would save that money, but it would also save a very fine principle, and that is that people who should be paying their own bills will do so. It is not quite as rigid as it ought to be. I have sacrificed that for simplicity in order to establish the principle.

I should like to make one more statement. I hope that the proponents of the bill—and I refer to every Senator who expects to vote for it—will accept the amendment. There is no reason why it could not now be accepted and repealed years later. But if it is now rejected, we shall never be able to put any brakes on who will get the benefit of the bill.

Mr. President, I ask for a vote on the amendment.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. CURTIS. I yield.

Mr. LONG of Louisiana. Mr. President, I have discussed the request with the Senator from Nebraska. I ask unanimous consent that further debate on the amendment be limited to one-half hour, the time to be equally divided, half of the time to be controlled by the distinguished author of the amendment, and the other half to be controlled by the Senator from Connecticut [Mr. RIBICOFF].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Who yields time?

Mr. RIBICOFF. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 5 minutes.

Mr. RIBICOFF. I rise in opposition to the pending amendment. The distinguished Senator from Nebraska introduced a principle today that is contrary to any known principle in either private insurance or under social security insurance.

Mr. CURTIS. Mr. President, will the distinguished Senator yield at that point?

Mr. RIBICOFF. I am pleased to yield.

Mr. CURTIS. I challenge the statement that the principle is not used in private insurance. It is commonly used there. I say that as an individual who comes from a State in which insurance is the second largest employing industry.

Mr. RIBICOFF. I also come from a State that is prominent in the insurance field. I know of no Connecticut company that writes a policy, the premium cost of which is based on a man's wealth or his income.

Mr. CURTIS. No, no.

Mr. RIBICOFF. If one should take out a health policy and pay a premium of $200 a year and that person is a millionaire, and another person who has to pay a premium of $200 a year has an income of $5,000, the benefits that the two people would receive are the same.

Mr. CURTIS. That is something different. Of course, insurance companies do not snoop into how much money a person makes. But the insurance company will sell a person a policy that has the principle of a deductible in it. The company will pay for the catastrophic illness and the insured would pay for the ordinary illness.

Mr. RIBICOFF. Yes; but we are dealing with a proposal under which people would pay the same amount of premium on a social security basis, just like ordinary cash social security. Whether a person is earning $50,000 a year and another is earning $5,000 a year or $10,000 a year, they are having deducted from their wages month-in and month-out, week-in and week-out, whatever the tax payments might be.

Mr. CURTIS. Mr. President, will the Senator yield? I ask him to yield on my time.

Mr. RIBICOFF. I yield.

Mr. CURTIS. That is utterly fantastic. Soon there will be 20 million people over 65 years of age covered by the bill, and not one of them will have ever paid a nickel into the program. The cost will be paid by others.

Under the bill, the benefit would be paid by others. The people will have to work and pay; employers will have to work and pay; people who will never reach the age of 65 will have to pay; and people who never get sick will have to pay. This is not a self-contributory plan.

Mr. RIBICOFF. The Senator from Nebraska is correct in his statement. The program would not be confined merely to those who are currently over 65. We would consider the needs of not only the person who is now over 65, but also those in future years who will become 65. The principle being sought in the amendment of the Senator from Nebraska would apply not only to people over sixty-five years of age, but also to people who become sixty-five next year, the people who become sixty-five the year after that, and those who become sixty-five 5 years and 10 years from now.

Mr. CURTIS. Would the Senator agree to have it eliminated when it becomes 50 percent contributory?

Mr. RIBICOFF. No; I would not accept that. The Senator, who is well versed in the social security law and in social security principles, knows that when a social security bill with additional features, privileges, and rights is passed, those who are already retired under social security become beneficiaries, even though they have not paid any added tax. Additional rights accrue to them as well. All we are doing under the present bill is what we have always done when we have expanded the social security program. We give to the people who will receive the benefits in the future, and those who are receiving benefits now, exactly the same privileges. What the Senator seeks to write into the bill is a provision which is absolutely contrary to something basic in private pension and social security programs.

Furthermore, the amendment of the Senator from Nebraska is not administratively feasible. Suppose a man over 65 goes into a hospital today and remains there during the entire month of July. He would not know what his income tax would be until after the first quarter of the following year. He files his income tax by April 15. Is a doctor to wait for another 9 months to determine what the deductibles will be and how he will be paid?

The second principle is that we have kept inviolate the secrecy of a man's income tax returns. Under the principle being advanced by the distinguished Senator from Nebraska, suddenly a person could find himself required to disclose to hospitals and doctors, in order to determine his deductible, what his income tax was.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. RIBICOFF. I yield myself an additional 3 minutes.

So there is the question of the secrecy of a man's income tax return. There is the administrative unfeasibility of the plan being projected by the distinguished Senator from Nebraska to where it departs from both private and social security principles.

Under those circumstances, I do not believe that there is either feasibility or practicability in the proposal. I hope the amendment will be rejected.

Mr. CURTIS. Mr. President, I yield myself 1 minute.

There is the previous year's income tax liability. It has feasibility. Also, suppose someone said, "I want the taxpayers to pay my medical bill," and he were asked, "What was your income tax last year?"

The poor people of the country are asking for help; and when they do, welfare workers are sent to snoop in their houses. The welfare worker will ask, "Did your son give you $5 last year?" That is provided for in title I of the Social Security Act.

Mr. RIBICOFF. Concerning feasibility, if it is last year's income, then, again, it is unfair, because a man might have a large income this year and go broke the next. A man might have had a large investment in the stock market when it took a dip. He might find himself sick next year at a time when he might be broke. Again, we have an unfeasible feature.

I am sure that the people the Senator is talking about would be unhappy to have their income tax returns examined and disclosed. So we would be departing from sound insurance features, both private and social security. There is no philosophical base for the proposal being adovcated by the Senator from Nebraska.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. President, I consented to a time limit, but I did not expect that only Senators who seem to be the leaders should speak, and that all other Senators would be barred from speaking.

Mr. RIBICOFF. Mr. President, may I ask how much time I have remaining?

The PRESIDING OFFICER. The Senator from Connecticut has 5 minutes remaining.

Mr. RIBICOFF. I yield to the distinguished Senator from Ohio the 5 minutes remaining.

Mr. LAUSCHE. No; I will not speak.

Mr. CURTIS. Mr. President, I yield the Senator from Ohio 5 minutes.

Mr. LAUSCHE. Mr. President, to begin with, many Senators who were in the Chamber did not contemplate speaking when we consented to the limitation of time. However, we anticipate that the leaders will not usurp that time and deny to other Senators, who have consented, a fair assignment of the time that is available. With those preliminaries, I

desire to make a statement reflecting my thoughts about what has been said.

The Senator from Connecticut said, in effect, that the system of social insurance is predicated upon sound insurance principles. Balderdash. If one begins to examine the whole system, he will conclude that there is no soundness of any character whatsoever in the whole structure of the system. As times goes on, it will be demonstrated that insurance principles have been disregarded. That is evidenced by the fact that 10 percent of the 100 percent of obligation is what is paid in by the participants in the fund.

It is further argued that the principle of the social security fund is that to each shall be given in proportion to the contributions made to the social security fund. I challenge the correctness of that statement. Every aspect of the program indicates that pretenses are made to build it upon insurance principles, but every now and then there creeps into the operation the need of contributions from the general fund.

Now we come to the crux of the amendment offered by the Senator from Nebraska [Mr. CURTIS]. My income is $22,500. I might say it is $30,000. In addition, I have other income. Why should I ask the Federal Government to pay my hospital bills? Why should I ask the Federal Government to pay my doctors? It is different for the man having an income so low that he pays no income tax; he is more entitled to ask for Federal aid. The amendment of the Senator from Nebraska provides, in effect, that those who can pay their hospital and doctor bills shall pay them. I agree with that principle.

I am a veteran of World War I. Proposals have been made to pay every veteran of World War I $100 a month. It would be scandalous, immoral, and indefensible for me to accept $100 a month on the same basis of equality that it is contended I should accept the benefits of social security.

Have I the ability, and are there others in the 20-percent category who have the ability, to pay their own doctor and their own hospital expenses? Undoubtedly there are. Why, then, should we be providing benefit to those who can pay money to defray their hospital and doctor expenses? No basis of moral strength can justify that.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. May I have 2 additional minutes?

Mr. CURTIS. I yield 2 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, this afternoon I have listened to arguments that are most paradoxical. I have listened to arguments of economy by individuals who generally are the most vigorous in supporting programs of spending money. [Laughter.]

I do not know why that has provoked amusement in certain quarters; but obviously, it has struck exactly where I wanted it to strike.

In substance, stripping the argument of the Senator from Nebraska of all the technicalities and details, it reduces itself to this: Shall we require those who can pay their own medical and hospital expenses to pay them? To me, the answer is simple: Yes; they ought to pay their own expenses.

But to those who cannot, the 80 percent of the individuals of our country who are aged 65 years or more, who pay no income tax, indicating the paucity of their positions, help should be given.

That help should be given by the Government to the extent that it is possible through sound insurance principles, and, beyond that, the 20 percent of the people must contribute part of their income to help those who cannot pay.

Mr. LONG of Louisiana. Mr. President, will the Senator from Nebraska yield me 2 minutes?

Mr. CURTIS. Mr. President, I yield 2 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 minutes.

Mr. LONG of Louisiana. Mr. President, I should like the RECORD to show that I am speaking from my own desk and not from the desk of the leadership from which I have spoken as manager of this bill. My position on this proposal is opposed to that of the administration, of organized labor presumably, of the leadership on this side of the aisle.

Mr. President, the junior Senator from Louisiana offered an amendment in the Committee on Finance which involved this same principle. The amendment was first agreed to by a rather substantial vote, and subsequently disagreed to, after we had heard from our friends in organized labor, and after those in the Department, and various other places, had addressed themselves to us and said that the principles involved in the amendment were violently opposed.

I have been more or less crucified by the press for even offering the amendment. However, I believe the principle involved in the amendment is very important and should be agreed to.

I ask unanimous consent that my views on this subject, printed as additional views, on pages 278 through 282 of the report, be printed at this point in the RECORD.

There being no objection, the additional views were ordered to be printed in the RECORD, as follows:

ADDITIONAL VIEWS

In the course of the committee's consideration of the bill, I proposed certain changes. Initially, these proposals were adopted by the committee; but, by subsequent action, the initial approval was reversed and the proposals rejected. Because I believe these amendments involved matters of importance both for the substance of the program of medical care for the aged at the present time and in the larger context in which further legislation for medical care will be considered in the future, I wish to record these considerations as I see them.

In proposing these amendments and pressing for their adoption in the committee, I was, in fact, merely continuing to support the same principles I have always favored. Last year, in the debate on the floor of the Senate, I stated my position as follows:

"I am willing to vote for more money to provide care for those who have difficulty in paying for it themselves, but this Senator is reluctant to vote for the complete dole.

"The complete dole is a program under which a millionaire might be placed on relief—and that is what it would amount to—when the working people would be taxed in order to provide medical care for the wealthy. The beneficiary would not be required to pay 5 cents of his own money for medical care. We would tax the general public to provide care for people who are ready, able, and willing to pay for it themselves."

Although I had earlier introduced in the Senate a rather broad substitute for the House-passed bill, I concluded that this substitute, despite its merits, had no chance of being adopted. I decided not to proceed with my efforts to obtain support for the substitute proposal, but to propose only limited changes. Accordingly, I proposed to the committee the following two amendments. The second of these amendments is described as it was later modified to simplify its administration, rather than as it was initially considered by the committee.

First, I proposed that the artificial limits in the bill on the hospital care and associated services be eliminated. It makes no sense to me to place such limits on these services unless it is clearly impracticable to provide the needed financing. The need to be hospitalized, or in a nursing home, is not determined by the ability of the patient to pay, or have his bill paid for him; it is determined by his illness and other personal circumstances.

Personally, I shall never agree that the Government is meeting its responsibilities if it is going to assume the major responsibility for insuring that our citizens receive adequate medical care, so long as the operation of the program places a doctor, and a hospital, in the position of having to discharge a patient before, in their professional judgment, he should be discharged. To me, it is as simple as that. All I wanted to have placed in the bill was the provision that a patient, because he was unable to pay his bill, would not be involuntarily discharged from a hospital or nursing home until his doctor concluded that he should be discharged.

Secondly, partly in order to provide the necessary financing without increasing the social security tax, I proposed that the portion of the cost of hospitalization and associated services to be paid by the patient be made more flexible, and related directly to the ability of the patient to pay. Instead of a flat deductible of $40 for everybody, regardless of financial resources, I proposed the following schedules:

| Income bracket | Deductible |
|---|---|
| $1,500 or less | $40 |
| $1,500 to $2,000 | 60 |
| $2,000 to $3,000 | 125 |
| $3,000 to $5,000 | 200 |
| $5,000 to $10,000 | 300 |
| $10,000 and over | 500 |

I consulted the appropriate actuarial sources within the Department of Health, Education, and Welfare and received assurances that this proposal would provide sufficient additional revenues to make it unnecessary to increase the social security tax at the present time, and provide the protection for catastrophic illnesses which I was seeking under my first proposal.

Despite the care with which I developed my proposals, and these consultations with the HEW officials, I was viciously attacked in the press as soon as it became known that the committee had voted to support them. I should like to record some of the irresponsible and even slanderous statements which appeared in the press. Many of them were on the editorial pages of some of our more prominent newspapers.

The Baltimore Sun, in its June 21 edition, headlined its editorial "Long Versus Medicare." The Washington Post said that it was

my purpose to "gut" the bill. In an editorial on June 24, the St. Louis Post Dispatch said my amendments were "apparently designed to kill the health care legislation" under consideration. The New York Times printed a letter to the editor which stated: "The only object visible in Senator LONG'S behavior is the destruction of the entire bill."

Another of the efforts of the Washington Post was an editorial in its issue of June 19 entitled "Back to Charity." The Philadelphia Bulletin headed its editorial of June 20 "This Is Medicare?" When my proposals are understood, it will be easy to see that these attacks were grossly unwarranted.

The Scripps-Howard papers, of which I saw only the Washington News and the New York World-Telegram & Sun, titled their editorial onslaught as "Medicare or Monstrosity?" This charge of creating an "administrative monstrosity" was one of the principal criticisms of my proposals, but I deny emphatically that this charge is even remotely true. Let me explain just what was involved. To the extent that additional administrative problems were introduced by my amendments, they involved the difference in the deductible and in determining in which of the six income brackets the individual patient belonged. I gave close attention to these administrative problems, and believe they could be handled readily.

As regards the difference in the deductible, once the amount is determined, I fail to see any serious difficulty. In any situation under the bill, the patient pays a certain amount of his charges; it is a simple matter of arithmetic. It involves the simple accounting process of subtracting the deductible from the total amount of the bill. If it is argued that a complication is introduced because any hospitalization immediately consumes the $40 deductible, while the $500 deductible might mean that the entire amount for a first hospitalization was paid by the patient, thus making it necessary to carry over the amount spent to apply on the next hospitalization, again no problem is posed for the administrator of the program.

The patient has the responsibility of meeting the smaller bills and accumulating them until he reaches a point where the Government should start paying his bill. I see nothing wrong whatever with this, especially as we are talking about a person who has an annual income of more than $10,000 per year, and, as will be noted below, almost certainly has private insurance to cover far more than the amount of $500 in hospital bills.

A more serious problem exists with regard to determining income. If we were dealing with a matter of tax liability, this argument would indeed have some merit, and all we have to do is look at the staggering size of the Internal Revenue Code and all the regulations and rulings which the Internal Revenue Service has built up in seeking to achieve complete equity between individuals under the tax laws. Fortunately, we need not be concerned here with that degree of hair splitting; instead we should turn for a precedent to the many other Government programs which provide benefits to individuals, and into which provisions have been written for determining income for the particular purposes of the program.

What I proposed, therefore, was that the Secretary of Health, Education, and Welfare be given free rein to handle this problem by regulation, thus permitting him to minimize the administrative problems. I have no doubt that he could solve the problems, and am confident that his Department and the other agencies which have administered our social security laws in the past 30 years have solved many that were far more complicated. In this case, however, the signals were set hard against my proposals, and mountains were made out of mole hills.

Once the determinations were made as to what was to be included or excluded in income, horrendous pictures were then drawn about the difficulties of finding out what the truth was about each individual's income in the immediately preceding period. What I propose is what is done throughout the administration of social programs; you accept the statement of the applicant, after the representative of the agency has explained to him what the regulations of the Secretary say should be included. In this case, he would need only to check which one of the brackets his income fell within.

Such statements are made subject to the general fraud statutes of the Federal Government, and violators could be found and prosecuted. Indeed, they could be found more easily than under many other programs. The applicants, for the most part, will certainly have social security numbers and will be asked to record them on their applications. Now that the Internal Revenue accounts are being completely placed under the same number as the social security accounts are under, and the whole process mechanized, all that is required is to feed the number given by the applicant into the IRS machines and press the button. The only violations which we would be seeking would be those who have understated their income, and we can be certain that they are all in the upper five brackets of my proposal and will, therefore, have filed returns. Again, I feel that the administrative problems of enforcement were not a serious obstacle; they were just made to seem to be.

In these efforts to find additional revenues to provide the additional protection which is needed by placing the burden on those most able to pay, I was struck by a rather curious situation. Usually, those who are being asked to pay more complain bitterly. They rage and rant that they are being victimized and discriminated against. In this instance, those who were being handed the bill are those with the most money, and we Democrats have long made much of the fact that the Republicans are the protectors of this group of our citizens. Yet, in the final showdown on the committee, every Republican on the committee voted for my proposals, and no Democrat other than myself voted for them. Those who boast of representing the interests of the little people were being offered benefits for their clients, at the expense of the clients of their political opponents, and they were looking this gift horse in his mouth all the way down to his tail.

As I stated above, I was only partly seeking additional revenues when I proposed that the deductibles be related to the income of the individual patient. There are other reasons why this is justifiable, and desirable in the present circumstances. In this country, contrary to the situation existing in Western Europe when those countries adopted various forms of socialized medical care programs, we have developed under private initiative a truly amazing program of sharing the costs of our medical services on the insurance principle.

There is practically no employer of more than a few people who does not provide some type of hospitalization protection for his employees. For those who do not obtain protection in this way, it is one of their first concerns, especially upon marriage, and individual policies are available in virtually any combination of coverage.

Although the proportion of those over 65 who have such policies, or coverage through union trust funds and other institutional arrangements, is less than those in the more active worker age brackets, the proportion is very high. Almost two out of every three persons over 65 who are not living in an institution of some kind have some type of coverage. According to the Health Insurance Association of America, at the end of 1963, more than 61 percent of those in this group were protected in some measure, and virtually no policy fails to provide less than 30 days of hospitalization. Such a minimum provision, even averaged at $20 a day, will total more than the maximum deductible under my proposal.

If we then consider the fact that virtually half of those over 65 are in the first of the brackets under my proposal, and that they are the ones who do not have protection under the private schemes, it is easy to see why no one was screaming about victimization. Those who would have to pay the higher deductibles under my amendment already have insurance arrangements which would pay the deductible for them, thus providing them with unlimited coverage at no cost to themselves other than to continue to pay the premiums on their existing policies. For those few who might not have this type of protection, the insurance companies would undoubtedly have provided a special policy, and the premium would certainly be well within their means.

At the same time that no injustice would have been perpetrated, and much needed protection would have been provided to our elder citizens, we would also have been acting to avoid the destruction of private arrangements which have thus far carried a burden the Federal Government has not seen fit to assume until now. To me, it is undesirable to thrust aside the results of this private initiative—unless it is clearly not feasible to continue to provide some area for it to operate in. Yet, that is what the present bill will do for those over 65; and, since it appears to be the intention of those who are pressing this measure to extend its benefits under the same formula to those in the lower age brackets, ultimately, the whole of this development may well be swept away.

To summarize, the purposes my proposed changes were intended to serve were:

1. To provide now benefits under the medicare program which are urgently needed, especially by those who are least able to pay. I am certain that it will only be a matter of time until full catastrophic coverage is provided under part A of the legislation.

2. To finance these additional benefits in a manner which is in full accord with the principle of having the burden borne by those who are best able to pay. Under existing circumstances as explained, little in the way of a burden would have been added in actuality.

3. To retain, to the extent consistent with the objectives of the medicare program and to use to best advantage, the private insurance coverage which already exists for hospitalization and associated services. This purpose will become increasingly important as further extensions of the medicare program are considered.

4. To reassure the professional people on whose services and dedication to the welfare of their patients the entire program depends that continuing efforts will be made to keep a major portion of medical care within the private sector. We read almost daily of strikes and other disruptions of medical services in such countries as Great Britain and Belgium, even though these countries did not have the private insurance programs for their protection which now exist here. I believe we should try strenuously to handle the program in this country in a manner which will obtain the greatest degree of cooperation from our doctors and nurses, who are deeply and justifiably disturbed at the prospect of having the Federal Government determine their pay and other conditions of employment.

The committee bill is a good bill as it is being reported, however, and I am in favor of the program which it will initiate. It is,

in fact, one of the most important measures to be considered by Congress in many years. It is my intention, as floor manager, to support the committee bill and to see it through to passage by the Senate and by this Congress.

RUSSELL B. LONG.

Mr. RUSSELL of South Carolina. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. RUSSELL of South Carolina. Mr. President, I have read the statement of the distinguished Senator from Louisiana on this particular point. I thoroughly agree with his argument. I am persuaded by it.

I note that the Senator did come under considerable criticism because of the position he had taken. The indication was given that all of the experts in the field of social security felt that the Senator had violated the principles of the Social Security System by advocating the position which he had.

I read an article published in the Newsweek magazine of May 31, 1965, written by the former head of the Council of Economic Advisors, Henry C. Wallich, on "Medicare."

This article followed the exact line taken by the distinguished Senator from Louisiana.

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HENRY C. WALLICH ON MEDICARE

At long last, the United States seems about to enact a really comprehensive health insurance scheme for the aged. Among the world's wealthier nations, we are one of the last to do so. With the passage of the medicare bill, a frontal attack will finally be made upon a grim feature of life in our fair land—the combination of sickness and want in old age.

The medicare bill voted by the House is now in the Senate and has the overriding virtue of being almost all-embracing. Not only social security beneficiaries, but almost all other persons over 65 are covered. It provides not only hospital and nursing-home services, but also pays most doctors' bills. It does the job.

For years, we have been trying to decide whether needed health insurance for the elderly could not also be provided privately. If equally adequate, the private way would have been more in keeping with American traditions. Commendable progress has been made by private insurers since the day when the policyholder, shortly after his 65th birthday, could count on getting a letter from the company thanking him for his patronage and announcing that the insurance was canceled. But even now coverage remains far from universal, often incomplete, and generally of least help to those who need it most. Thus, with some sadness, we turn toward the public way of providing health protection for the aged.

DEFECTS

To say that the bill is needed is not to say that it is perfect. Some of its provisions are distinctly bad. There is still time for the Senate to remedy these defects. Otherwise, we shall have to pay for experience, probably dearly, and correct our mistakes later.

One serious shortcoming of the bill is that the benefits of medicare are to be available completely without regard to need. Millionaire and pauper are equally entitled to benefits. To suggest there should be a distinction on these grounds implies, of course, some kind of means test or income test, and that infuriates people. But means tests as such are neither good nor bad; it is their application that makes them so. To demand that a man sell his home before becoming eligible for medicare would be absurd. To exclude or at least demand some partial payment from beneficiaries with incomes above say $6,000 is another matter. The savings could be considerable.

Another defect that will make the bill quite unnecessarily costly is inadequate coinsurance, i.e., the sharing in the cost of services by the beneficiary. For doctors' bills, the beneficiary will pay the first $50 and 20 percent of the rest, but for the hospital bills, which are the larger, he will pay only the first $40. Once the patient has paid this, he is in, and the rest of his stay in the hospital—up to 60 days—is completely free. The natural tendency to overuse a free service should be curbed by co-insurance, which might diminish with the length of stay in the hospital and rise with the beneficiary's income bracket.

HOW WELL FINANCED?

Unless overuse is adequately restrained, it will probably cost more than the Government anticipates. Insurance company actuaries have argued that the Government's cost calculations are overoptimistic. Skyrocketing costs in England and Canada demonstrate these dangers.

Fortunately the finances of the hospital program, although not those of the medical part, which is voluntary, are anchored in the social security system. In contrast to many people I regard social security financing as an advantage, because it compels the program to be self-supporting and therefore self-limiting. It would be frightening to see the program financed from general revenues and become open ended. Financing by the social security system also means, to be sure, that the elderly are getting their medicare virtually free, since retired people no longer pay a social security tax. They are getting it as a gift from the younger people who work, who in turn must hope to be provided for some day by the next generation. This, however, has always been the practice when improvements have been introduced into social security. It is the only practical way to make a beginning, and the important thing now is that a beginning be made.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. Mr. President, I yield 1 additional minute to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 additional minute.

Mr. LONG of Louisiana. Mr. President, in my judgment, the amendment has great importance. The amendment would decide the direction in which the medical care program shall be directed. Let us not be misled on this point. What is decided now with regard to medicare will determine what the program will be like in the future.

There are a great number of people who have always advocated the medicare portion of the bill who would like to visit upon the United States the English system of medicine, in which the state pays for all medical care.

In my judgment, if we were to pass the bill as it stands, and these principles were later to be extended to apply to the average working man, without regard to age, we would have the Government paying everybody's medical expenses. I believe that we should seek to avoid that.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. RIBICOFF. Mr. President, have I any time remaining?

The PRESIDING OFFICER. The Senator from Connecticut has 5 minutes remaining.

Mr. RIBICOFF. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 1 minute.

Mr. RIBICOFF. Mr. President, I opposed the amendment of the distinguished Senator from Louisiana in the Committee on Finance because I felt that the Senator was introducing into the social security system something new and something indefensible.

The Senator from Louisiana sought to introduce a variable deductible, which would introduce a means test. The whole social security principle and system decries a means test.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. HOLLAND. Mr. President, is the Senator accurate in his statement?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mr. HOLLAND. Mr. President, is it not true that, from the age of 65 to the age of 72, a person who has paid all his social security taxes is not permitted—like citizens not in the same situation—to draw any social security benefits if he happens to be blessed with a little income beyond and over the limitation fixed by law?

Mr. RIBICOFF. That is not based on income. It is based on earnings. We seek to liberalize this test in the present bill. There would be a range of allowable earnings up to $1,800 a year.

Mr. HOLLAND. Is it not true that, from the age of 65 to the age of 72, a citizen who, in all other respects, is like all other citizens living in the same country, cannot draw any social security benefits merely because he has earnings which are a little over the limitation fixed by the bill?

Mr. RIBICOFF. The Senator is partly correct and partly incorrect. There is a sliding scale. It would depend on the amount of his earned income. The citizen would not lose his benefits completely. If the income were from bonds or stocks, and he was not working, he could draw social security benefits no matter what his income was.

I felt the income limitation was unfair. The distinguished Senator from Delaware felt that this was unfair.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 1 additional minute.

Mr. RIBICOFF. Mr. President, through amendments to the social security law, it has been sought to raise the amount of money that people can earn.

I was pleased to support the distinguished Senator from Delaware every time he brought up such a measure. The distinguished Senator from Delaware has taken the lead in the Committee on Finance to raise the social security limit on earnings. I am for raising the exemption of earnings so that a person can receive social security benefits after the age of 65 regardless of what he earns. However, this is a different principle that we are being asked to introduce at this time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 1 additional minute.

Mr. HOLLAND. Mr. President, is it correct that under the present law, many people between the ages of 65 and 72, who have paid their social security taxes up to that time are not permitted to draw any social security benefits merely because they have earnings which are a little over the limitation set by the law?

Mr. RIBICOFF. The Senator is correct.

Mr. HOLLAND. The Senator states that the amendment of the Senator from Nebraska is entirely different from the system of the social security law, notwithstanding the facts which I have just cited?

Mr. RIBICOFF. That is correct. He is seeking to introduce here a different type of deductible based upon income.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 1 additional minute.

Mr. RIBICOFF. Mr. President, when we receive benefits under the social security system, that benefit is not based upon what our income is.

Mr. President, I shall yield back the remainder of my time, unless some Senator would like to have whatever time I have remaining.

Mr. HICKENLOOPER. Mr. President, will the Senator yield me 1 minute?

Mr. CURTIS. Mr. President, I yield 1 minute to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 1 minute.

Mr. HICKENLOOPER. Mr. President, I congratulate the Senator from Nebraska for his amendment. The amendment seems to me to be one of the most equitable yardsticks by which we can measure the merit or demerit of the proposition as to who should receive medical aid. The amendment is a fair and equitable amendment.

I shall support the amendment in the development of this most defensible provision which I hope will be written into the bill.

The ability of people with large incomes to pay for their own hospital bills should be taken into consideration.

I congratulate the Senator.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. Mr. President, I yield 1 minute to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I support the amendment of the Senator from Nebraska, because it strikes at the basic objection to the medicare sections of the bill.

This bill, as reported, is regressive in that it does not properly take into account differing abilities to pay or differing needs for assistance.

If we adopt the Curtis amendment, which will affect only the 20 percent of those over age 65 who have the highest incomes, and will require them to be coinsurers of a greater part of their medical costs, we could then accept the principle advocated by the Senator from Connecticut [Mr RIBICOFF], and could take the lid off the number of days of care allowed for the victim of catastrophic illnesses.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

Mr. CURTIS. Mr President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Nebraska [Mr. CURTIS]. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Wyoming [Mr. MCGEE] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD] is necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD] would vote "nay."

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Nebraska would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Wyoming would vote "nay."

The result was announced—yeas 41, nays 51, as follows:

[No. 168 Leg.]

YEAS—41

| | | |
|---|---|---|
| Aiken | Eastland | Holland |
| Allott | Ellender | Jordan, N.C. |
| Bennett | Ervin | Jordan, Idaho |
| Boggs | Fannin | Kennedy, Mass. |
| Cooper | Fong | Lausche |
| Cotton | Harris | Long, La. |
| Curtis | Hickenlooper | McGovern |
| Dominick | Hill | Miller |
| Morton | Russell, Ga. | Talmadge |
| Mundt | Saltonstall | Thurmond |
| Murphy | Scott | Tower |
| Pearson | Simpson | Williams, Del. |
| Prouty | Sparkman | Young, N. Dak. |
| Russell, S.C. | Stennis | |

NAYS—51

| | | |
|---|---|---|
| Anderson | Hartke | Moss |
| Bartlett | Inouye | Muskie |
| Bass | Jackson | Nelson |
| Bayh | Javits | Neuberger |
| Bible | Kennedy, N.Y. | Pastore |
| Brewster | Kuchel | Pell |
| Burdick | Long, Mo. | Proxmire |
| Byrd, W. Va. | Magnuson | Randolph |
| Cannon | Mansfield | Ribicoff |
| Case | McCarthy | Robertson |
| Church | McIntyre | Smathers |
| Clark | McNamara | Smith |
| Dodd | Metcalf | Symington |
| Douglas | Mondale | Tydings |
| Fulbright | Monroney | Williams, N.J. |
| Gore | Montoya | Yarborough |
| Gruening | Morse | Young, Ohio |

NOT VOTING—8

| | | |
|---|---|---|
| Byrd, Va. | Hart | McClellan |
| Carlson | Hayden | McGee |
| Dirksen | Hruska | |

So Mr. CURTIS' amendment was rejected.

Mr. RIBICOFF. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. MANSFIELD. Mr. President. I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 315

Mr. MORSE. Mr. President——

Mr. PROUTY. Mr. President——

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. PROUTY. Mr. President, I call up my amendment No. 315 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. PROUTY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment (No. 315) offered by Mr. PROUTY is as follows: Beginning on page 261, at line 22, strike all through line 25 on page 263 and insert in lieu thereof of the following:

MINIMUM BENEFITS FOR CERTAIN INDIVIDUALS WHO HAVE ATTAINED AGE SEVENTY

*Entitlement*

SEC. 309. (a) (1) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Benefit Payments to Persons Not Otherwise Entitled Under This Section

"(v) (1) Every individual who—

"(A) has attained age seventy,

"(B) is not and would not, upon filing application therefor, be entitled to any monthly benefits under any other subsection of this section for the month in which he attains such age or, if later, the month in which he files application under this subsection,

"(C) is a resident of the United States,

"(D) (i) is a citizen of the United States, and has resided in the United States continuously for not less than eighteen months before the month in which he files application for benefits under this subsection, or

(ii) has resided in the United States continuously for the ten-year period preceding the month in which he files application for benefits under this subsection, and

"(E) has filed application for benefits under this subsection,

shall be entitled to a benefit under this subsection for each month, beginning with the first month in which he becomes so entitled to such benefits and ending with the month preceding the month in which he dies. Such individual's benefit for each month shall be equal to the first figure in column IV of the table in section 215(a).

"(2)(A) If—

"(i) any individual is entitled to a benefit for any month under this subsection, and

"(ii) it is determined that a periodic benefit or benefits are payable for such month to such individual under a pension or retirement system established by any agency of the United States or political subdivision thereof (or any instrumentality of the United States or a political subdivision or subdivisions thereof which is wholly owned thereby),

then the benefit referred to in clause (i) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month.

"(B) If any periodic benefit referred to in paragraph (A)(ii) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), the reduction of such individual's benefit under this paragraph shall be made at such time or times and in such amounts as the Secretary finds approximates, as nearly as practicable, the reduction prescribed in subparagraph (A).

"(C) In order to assure that the purposes of this subsection will be carried out, the Secretary may, as a condition to certification for payment of any monthly benefit to an individual under this subsection (if it appears to the Secretary that such individual may be eligible for a periodic benefit which would give rise to a reduction under this paragraph), require adequate assurance of reimbursement of the Federal Old-Age and Survivors Insurance Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(D) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, shall (at the request of the Secretary) certify to him with respect to any individual such information as the Secretary deems necessary to carry out his functions under this paragraph. For purposes of this subparagraph, the term 'agency of the United States' includes any instrumentality of the United States which is wholly owned by the United States.

"(3) Benefits shall not be paid under this subsection—

"(A) to an alien for any month during any part of which he was outside the United States;

"(B) to any individual for any month during all of which he was an inmate of a public institution; or

"(C) to any individual who is a member or employee of an organization required to register under an order of the Subversive Activities Control Board as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization under the Internal Security Act of 1950, as amended."

(2) The following provisions of section 202 of such Act are each amended by striking out "or (h)" and inserting in lieu thereof "(h), or (v)":

(A) subsection (d)(6)(A),

(B) subsection (e)(4)(A),

(C) subsection (f)(4)(A),

(D) subsection (g)(4)(A), and

(E) the first sentence of subsection (j)(1).

(3) Section 202(h)(4)(A) of such Act is amended by striking out "or (g)" and inserting in lieu thereof "(g), or (v)".

(4) Section 202(k)(2)(B) of such Act is amended by striking out "preceding".

*Reimbursement of Trust Fund*

(b)(1) With respect to every individual who becomes entitled to a benefit under title II of the Social Security Act by reason of the amendments made by subsection (a), the Secretary of the Treasury shall transfer to the Federal Old-Age and Survivors Insurance Trust Fund, from the general fund of the Treasury, an amount equal to the sum of—

(A) The total amount of employee and employer taxes that would have been paid under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954 (or the corresponding provisions of prior law) if such individual had been paid wages (as defined in section 209 of the Social Security Act) equal to the first figure in column III of the table in section 215(a) in each month of the period beginning with January 1951 (or January of the year after the year in which he attained age 31, if that is later) and ending with December of the year in which he attained age 69 (or, if later, December 1962); and

(B) Interest, compounded at 3 percent per annum, on the total amount determined under the subparagraph (A), for each year in the period referred to in such subparagraph.

(2) The transfer of funds from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund with respect to any individual pursuant to paragraph (1) shall be made not later than the end of the calendar quarter following the calendar quarter in which such individual becomes entitled to benefits under title II of the Social Security Act by reason of the amendments made by subsection (a).

*Effective date*

(c) The amendments made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months beginning on or after the thirtieth day after the date of the enactment of this Act based on applications filed on or after July 1, 1965.

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield without losing his right to the floor?

Mr. PROUTY. Mr. President, I am glad to yield to the Senator from Montana under those conditions.

Mr. MANSFIELD. Mr. President, I thank the Senator from Vermont. I should like to have the attention of the Senate. I have tried to touch on as many bases as possible and would like to propound a unanimous-consent request.

ORDER FOR A RECESS UNTIL TOMORROW AT 10 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it recess to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a 1 hour time limitation on each amendment, except the Curtis amendment and motion to recommit, on which there will be 2 hours, the time to be equally divided between the proponents of the amendments and the Senator in charge of the bill; and that there be 2 hours on the bill itself.

The PRESIDING OFFICER. Is there objection?

Mr. PROUTY. Mr. President, reserving the right to object—and I shall not object—do I correctly understand that my amendment will be the pending business tomorrow morning?

Mr. MANSFIELD. The Senator is correct.

Mr. PROUTY. I should like to suggest, inasmuch as many Senators are now in the Chamber, that they take a good look at my amendment. I have been informed that some Senators were not aware of what was in my last amendment and were delayed coming into the Chamber and were therefore unable to be on the floor when I explained it.

My amendment No. 315 merely seeks to bracket into the social security program those persons who are 70 years of age or older who are not now covered by that program, so that they will receive minimum benefits. I merely invite the attention of Senators to that point.

Mr. MANSFIELD. I see no reason why anyone would need to read the Senator's amendment now, because it has just been explained to them.

Mr. ALLOTT. Mr. President——

The PRESIDING OFFICER. When does the Senator wish the unanimous-consent request to go into effect?

Mr. MANSFIELD. Immediately after the prayer.

Mr. ALLOTT. Mr. President, reserving the right to object——

Mr. ELLENDER. Mr. President, reserving the right to object, I gave notice this afternoon that I should like to address the Senate today, and——

Mr. MANSFIELD. The leadership had the speech of the Senator from Louisiana in mind. We recall the statement made by the Senator from Louisiana a short time ago. The Senator can rest assured that he will have all the time needed, even if it means extending time under the bill.

Mr. ELLENDER. I thank the Senator from Montana.

Mr. ALLOTT. Mr. President, reserving the right to object—and I must object, unless certain situations are met—I have some remarks on the bill which I wish to make. I do not know the status of the list which is at the desk. If I am next in order to be recognized, so that I can make my remarks at this time, I shall not object. If there are other Senators who are to be recognized ahead of me, then I shall be forced to object. I make that inquiry of the Senator from Montana.

Mr. MANSFIELD. If the Senate will forbear with me and be tolerant, I should like to suggest that the distinguished Senator from Colorado [Mr. ALLOTT] be recognized at this time. I understand that he has some remarks which will take approximately 10 minutes.

Mr. KUCHEL. Mr. President, reserving the right to object——

Mr. MANSFIELD. I do not make this as a request. I merely make it as a suggestion.

Mr. KUCHEL. I understand. Mr. President, I have no objection except for the fact that I also have an amendment which is not controversial. I believe that other Senators also have.

Mr. MANSFIELD. I am sure that the Senator from Colorado will be most generous.

Mr. ALLOTT. I assure the Senator from Montana that I will be, if I am able to obtain the floor. I have been waiting to obtain the floor for several hours today.

Mr. JAVITS. Mr. President, reserving the right to object, will the majority leader tell us at what time he would expect the first vote tomorrow? I happen to have a problem in that regard. Will it possibly be at 11:30?

Mr. MANSFIELD. I would say approximately 11 o'clock—perhaps a little later. It will all depend.

Mr. LAUSCHE. Mr. President, reserving the right to object——

Mr. MAGNUSON. Mr. President, may we have some order in the Senate at this time, so that Senators who are in their seats can hear what the majority leader is saying. We could join the "mob" in the well, but——

The PRESIDING OFFICER. The Senator is correct. The Senators will please take their seats.

The Senate will be in order.

The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, I should like to have assurance that there will be assigned to me 8 minutes on the bill.

Mr. MANSFIELD. The Senator from Ohio has that assurance.

Mr. LAUSCHE. I thank the Senator.

Mr. CURTIS. Mr. President, may we have the unanimous consent request restated at this time?

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. HOLLAND. Mr. President, reserving the right to object—and I shall not object—is this all confined to amendments already printed?

Mr. MANSFIELD. No.

Mr. HOLLAND. It applies to any amendments which may be offered?

Mr. MANSFIELD. The Senator is correct.

Mr. HOLLAND. I thank the Senator for his information.

Mr. CURTIS. Mr. President, I should like to ask that the unanimous consent request be restated for the information of the Senate.

Mr. MANSFIELD. One hour on each amendment to be equally divided. Two hours on the Senator's amendment and his motion to recommit, and more time if needed.

Mr. CURTIS. I thank the Senator from Montana for the information.

Mr. YARBOROUGH. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. YARBOROUGH. May it be agreed that the Subcommittee on Postal Affairs may meet tomorrow?

Mr. MANSFIELD. Yes. May we have a ruling from the Chair on that request?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is ordered.

Is there objection to the unanimous-consent request of the Senator from Montana? The Chair hears none, and it is so ordered.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

UNANIMOUS-CONSENT AGREEMENT

*Ordered,* That, effective after the prayer on Friday, July 9, 1965, during the further consideration of the bill (H.R. 6675), to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes, debate on any amendment (except a motion to recommit to be offered by the Senator from Nebraska [Mr. CURTIS] which shall be debated for 2 hours), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from Louisiana [Mr. LONG]: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him.

*Ordered further,* That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided,* That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. KUCHEL. Mr. President, I send an amendment to the desk and ask that it not be stated. I also ask unanimous consent that the pending amendment offered by the Senator from Vermont be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD at this point.

The amendment is as follows:

On page 387, after line 2, insert the following:

"FEDERAL SHARE OF PUBLIC ASSISTANCE EXPENDITURES

"SEC. 412. Title XI of the Social Security Act is amended by adding at the end thereof (after section 1117, added by section 405 of this Act), the following new section:

"'ALTERNATIVE FEDERAL PAYMENT WITH RESPECT TO PUBLIC ASSISTANCE EXPENDITURES

"'SEC. 1118. (a) In the case of any State which has in effect a plan approved under title XIX for any calendar quarter, the total of the payments to which such State is entitled for such quarter, and for each succeeding quarter in the same fiscal year (which for purposes of this section means the 4 calendar quarters ending with June 30), under paragraphs (1) and (2) of sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a) shall, at the option of the State, be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under each such section, to the expenditures under its State plans approved under titles I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, but without regard to any maximum on the dollar amounts per recipient which may be counted under such sections.

"'(b) If the Secretary, upon application by any State, finds with respect to the quarter beginning January 1 or the quarter beginning April 1, 1966, that the medical assistance for the aged and the assistance or aid provided in the form of medical or any other type of remedial care under the plans of such State approved under titles I, IV, X, XIV, and XVI, taken together, substantially meet the objectives and requirements of title XIX, then with respect to expenditures under such plans during such quarter—

"'(1) the total of the payment to which such State is entitled under sections 3(a) and 1603(a) (other than paragraphs (4) and (5) thereof) and section 403(a), 1003(a), and 1403(a) (other than paragraphs (3) and (4) thereof), or

"'(2) the payments to which it is entitled under such sections (other than such paragraphs) with respect to expenditures as medical assistance for the aged or as aid or assistance in the form of medical or any other type of remedial care, whichever the State may elect for such quarter and (if it is the quarter beginning January 1) the succeeding quarter, shall be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under each such section, to—

"'(3) the expenditures under its State plans approved under titles I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, if the State has elected payments under clause (1), or

"'(4) the expenditures under such plans, as medical assistance for the aged or as aid or assistance in the form of medical or any other type of remedial care, which would be included in determining the amounts of such payments if the State has elected payment under clause (2);

and such determination shall be made without regard to any maximum on the dollar amounts per recipient which may be counted under any of such sections.'"

Mr. KUCHEL. The amendment is noncontroversial. I understand it will be accepted by the floor managers of the bill.

The amendment which I have offered on behalf of myself and my colleague from California [Mr. MURPHY], I believe, improve and make more effective the public welfare provisions of H.R. 6675. Essentially, it would do two things. During the period that Congress has been considering this bill, legislatures in most of the States have met. Many of these have now gone home or have reached a stage where it is impractical for them to pass legislation permitting States to avail themselves of the many improvements contained in H.R. 6675. I am particularly concerned about the new medical assistance program which is authorized. This represents a major change in public assistance programs and will undoubtedly require legislation in many States, probably including my own. However, some of these States, I understand, believe that they could fully meet the objectives and requirements of the new title by expansion of their existing programs. Insofar as this is possible, it is only reasonable to give such States the advantage of the more favorable matching for medical care expenditures that is available under the new title. If a State can meet the objectives of the legislation, we certainly should give it a reasonable period of time in which to get its own legisla-

tion adjusted. My amendment would, accordingly, provide that until July 1, 1966, any State that could substantially meet the objectives and requirements of title XIX through its existing programs taken together could receive the more favorable matching provided under that title.

Second, in title XIX we have provided a simplified formula for participation in medical expenditures of State welfare agencies. In contrast to the very complex formulas that govern payments under the other public assistance titles and which vary from one program to another, we provided in title XIX for Federal participation in total expenditures at a rate of 50 percent for States with per capita incomes significantly above the national average and at somewhat higher rates for the lower income States. I believe that we should make this same offer for States with respect to their money payments so that all assistance and medical care would have Federal participation on a uniform basis. The use of this method of computing Federal participation would be wholly optional with States. I am advised that it would not be advantageous at this time for most States to use it since the existing formulas in most instances provide greater reimbursement. The estimated potential cost of this change is under $5 million a year and it is expected that in the near future the cost would be negligible.

I believe that both provisions of the amendment have substantial merit.

Mr. President, this matter was originally called to my attention by my colleague from California in the other body, Representative PHILLIP BURTON. I have discussed it with members of our State legislature in California. I have discussed it with respresentatives of our State administration and our county supervisors in California. I appreciate their advice.

The amendment has been written by the Department of Health, Education, and Welfare. I have discussed the subject with my able friends, the Senator from Louisiana and the Senator from New Mexico, and other Senators.

Mr. LONG of Louisiana. Mr. President, we have studied the amendment. It is the kind of amendment that we agreed in committee we would accept on the floor if it were necessary to perfect the bill to meet some of the hundreds of problems that are raised by Senators with regard to their individual State problems.

I believe the amendment should be a part of the bill. The subject poses a real problem, which was not considered in committee. The bill is such a complex bill, involving so many factors, that it will probably be years before we shall be able to take care of all the loose ends. This is one that we should take care of now. I hope the amendment will be agreed to.

Mr. ANDERSON. We have checked the amendment very carefully. It is the kind of amendment that we decided we could and should take without damage to the bill.

Mr. KUCHEL. Mr. President, I ask consent that a telegram to me from Paul D. Ward, administrator of the Health and Welfare Agency of the State of California be included at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

SACRAMENTO, CALIF.,
*July 8, 1965.*

Senator THOMAS KUCHEL,
*Washington, D.C.:*

Our analyst indicates the proposed section 1118(a) would be extremely helpful to the State of California. We would appreciate it's being amended into H.R. 6675. The proposed section 1118(b) would under certain circumstances be helpful. However, it would not obviate the need for additional State legislation since State statutory limitation on expenditures for these programs would still prevail.

PAUL D. WARD,
*Administrator, Health and Welfare Agency.*

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SMATHERS. I move to lay that motion on the table.

The motion to table was agreed to.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. RIBICOFF. Mr. President, I send an amendment to the desk and ask that it be considered. I also ask unanimous consent that the pending amendment offered by the Senator from Vermont be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be stated.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the amendment be not read, but printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 179, line 12, after the word "who" strike out the remaining words down through and including the word "and" on line 13 and delete the closing parenthesis on line 14.

Mr. RIBICOFF. Mr. President, this bill provides great improvements in existing medical assistance programs for the needy. However, it omits from the benefits it provides, millions of those who live in poverty—especially needy children. There are 5 million such children living in true poverty who cannot be aided under this bill because their father is living and is employed no matter how low his wages may be.

My amendment would solve this problem. It would broaden the definition of medical assistance for which Federal financial participation would be available under title XIX of the Social Security Act. Under the amendment States that wished to provide medical assistance to all needy children under 21 could do so with the Federal Government sharing in the cost—on the same basis as they would for such assistance to medically indigent children, and aged, blind and disabled individuals who would otherwise come within the public assistance categories.

This amendment would in no way affect the right of the States to limit their program to money payment recipients and to persons who would be eligible for money payments. This provision therefore authorizes the States to include all medically needy persons but does not require them to do so.

The Department of Health, Education, and Welfare has stated that the cost of the amendment for the fiscal year 1966 will be about $60 million. Mr. President, I believe that this amendment, which would give the States the freedom to act, with the promise of Federal participation, to care for their medically needy children under their own programs is urgently needed, and I request my colleagues to act favorably on this amendment.

It is supported by a wide group of State officials and social welfare organizations. I ask unanimous consent to insert in the RECORD communications from the Commissioner of Public Welfare of the State of Louisiana, Mr. Bonin, the Governors of New Jersey and California, and the Commission of Social Welfare of New York all in support of this amendment.

There being no objection, the telegrams and letter were ordered to be printed in the RECORD, as follows:

BATON ROUGE, LA.,
*July 2, 1965.*

Hon. ABRAHAM A. RIBICOFF,
*U.S. Senator, Senate Office Building, Washington, D.C.:*

This department endorses your amendment No. 198 to H.R. 6675. Current requirement of categorical tie-in would be more difficult and expensive to administer while your amendment would provide more adequately for medically indigent.

GARLAND L. BONIN,
*Commissioner of Public Welfare.*

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TRENTON, N. J.,
*July 6, 1965.*

Hon. ABRAHAM A. RIBICOFF,
*State of Connecticut Senator, Capitol Building Office, Washington, D.C.:*

New Jersey appreciates your interest in the amendment to medicare that would permit States to extend assistance to all medically indigent under the new title XIX. Be assured of my support.

RICHARD J. HUGHES,
*Governor of New Jersey.*

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SACRAMENTO, CALIF.,
*July 2, 1965.*

Hon. ABRAHAM A. RIBICOFF,
*U.S. Senator, Senate Office Building, Washington, D.C.:*

Under H.R. 6675, California wants to be able to extend medical care to as many as possible of our State's low income, medically indigent families. Present restrictions in the bill which tie eligibility to other categorical aids will limit our ability to provide care of the desirable scope. For that reason, I strongly favor your proposed amendment which would drop the linkage provision and urge your colleagues to support you in this endeavor.

EDMUND G. BROWN, *Governor.*

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STATE OF NEW YORK,
DEPARTMENT OF SOCIAL WELFARE,
*Albany, July 2, 1965.*

Hon. JACOB K. JAVITS,
*U.S. Senate,*
*Washington, D.C.*
Hon. ROBERT F. KENNEDY,
*U.S. Senate,*
*Washington, D.C.:*

Understand Senator RIBICOFF will offer amendment to H.R. 6675 medicare bill to extend medical assistance to medically needy people. Urge your support. Amendment will enable States to meet medical needs of poor and needy. Currently in New York State cost met solely from State and local funds.

GEORGE K. WYMAN,
*Commissioner of Social Welfare.*

Mr. RIBICOFF. Mr. President, I have discussed the amendment with the managers of the bill and other members of the Committee on Finance on this side of the aisle, all of whom have agreed to accept the amendment.

Mr. LONG of Louisiana. Mr. President, I have discussed the matter with Members on both sides of the aisle. I believe we should take the amendment. I hope the House will agree to it. Of all the provisions in the bill that relate to children, this may be the most meritorious. It was an oversight that this provision was not included in the bill when it was originally introduced in the House.

Mr. WILLIAMS of Delaware. Mr. President, I hope the Senate will accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Connecticut.

The amendment was agreed to.

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. INOUYE. Mr. President, I ask unanimous consent that the pending amendment of the Senator from Vermont be temporarily laid aside, and that the amendment that I now send to the desk be stated.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be stated.

The LEGISLATIVE CLERK. On page 28, line 4, it is proposed to strike out "10 years" and insert in lieu thereof "6 months."

Mr. INOUYE. Mr. President, H.R. 6675 is undoubtedly one of the greatest steps Congress will take in the area of social legislation. It will be a proud moment when I am privileged to cast my vote in favor of the bill.

However, there is one aspect to the pending legislation which needs to be corrected. You will note that in order to qualify under both the mandatory and supplementary medical aid programs of H.R. 6675, the applicant must be at least 65 and must either be a citizen of the United States or an alien lawfully admitted for permanent residence who has resided in the United States continuously during the 10 years immediately preceding the month in which he files his application.

It is on this 10-year continuous residence requirement that some thought should be given to possible revision.

Approximately 165,000 of the 2,819,246 permanent resident immigrants who came to this country between June 30, 1955, and June 30, 1964, or during the last 10-year period reported by the Immigration and Naturalization Service, were over age 60, an age bracket which would be directly affected by the 10-year continuous residence requirement.

Based on a reasonable statistical estimate arrived at through previous experience, roughly between 5 and 7 percent of the 165,000 permanent resident aliens have been or will become naturalized. This would still leave between 140,500 and 147,500 of the senior permanent resident aliens ineligible under the terms of the 10-year continuous residence restriction.

Although relatively small as compared to the total number of citizens who will be covered, such a figure is very significant in terms of those who will not be covered under the current eligibility requirements. It is, moreover, very questionable whether any meaningful economy will result from insisting on the retention of the residence clause.

Personally, it is my deep conviction that such a requirement runs counter to our professed humanitarianism. Included in the 140,500 to 147,500 figures are thousands of refugees who came here at our invitation in order to escape persecution in the iron and bamboo curtain countries. To deny such individuals what, in effect, amounts to equal protection under our laws is, in my view, an inconsistent position.

Furthermore, these immigrants have been carefully screened in order to select those who want to contribute to our Nation's development. They are gainfully employed and are assessed income taxes and social security payments like any other American. Many, in addition to the 5- to 7-percent naturalization figure mentioned, will be processing for that status as soon as they can meet certain minimum qualifications.

The damage which can very likely result to our image overseas, as well as in this country, from this well-meaning but imprudent requirement will far offset any economy that can conceivably result.

Although I am in no way inferring that we should follow the examples set by other countries in the matter of determining eligibility requirements for aliens in medical care programs, I think it is interesting to note that in Great Britain, even transient visitors who become ill while visiting in that country are eligible. Furthermore, in Denmark, there is only a 6 month waiting period for aliens who plan to assume permanent residence. In Sweden, there is an annual November 1 registration date for all applicants, including aliens who plan to stay in Sweden. In Norway, there is only a short waiting period of not more than 2 weeks provided an alien has previously applied for a work permit.

It is highly significant to note that in all of these countries, there is nothing approaching a 10 year continuous residence requirement for determining eligibility. As a matter of fact, arrangements have been made between Great Britain and the countries of Denmark, New Zealand, Norway, Sweden, and Yugoslavia under which nationals of these countries may receive treatment under Britain's NHS and British nationals may receive health benefits under the legislation of the countries mentioned.

I, therefore, respectfully request support of this amendment which I have introduced together with Senators CLAIBORNE PELL and HIRAM FONG which proposes to eliminate the 10 year continuous residence requirement for all permanent resident aliens under both the mandatory and supplementary programs and to substitute in lien thereof a residence requirement of 6 months.

I am pleased to advise the Senate that I have conferred with leaders on both sides of the aisle and with the Senators in charge of the bill, and they concur in the amendment.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. INOUYE. I yield.

Mr. LONG of Louisiana. When the Senator from Louisiana orlginally saw the 10-year provision, it seemed to him that it could work some drastic hardship on people who are properly citizens and residents of the United States and entitled to the medical assistance provided in the bill. I am glad the Senator raised the point in relation to the 10-year provision. I think it is a question that we should study in conference to see whether a period of 6 months would be more appropriate or whether some period between 6 months and 10 years should be the period of time required for residence. The Senator has a very good argument to support his position. I think the question should properly be in confidence between the Senate and the House. I am happy to support the amendment.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. INOUYE. I yield.

Mr. WILLIAMS of Delaware. I join in expressing the hope that the Senate will accept the amendment. By so doing, it will throw the entire question into conference, where we can examine it further and come up with what we hope will be the proper solution.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Hawaii [Mr. INOUYE].

The amendment was agreed to.

Mr. ALLOTT. Mr. President, I shall not detain the Senate long, but I do wish to comment on the present bill.

We are about to enter into a new era. I do not think that it is a good era, but then I know that the majority of my colleagues will disagree with me. With the enactment of the so-called medicare bill, this country shall have adopted a new philosophy which simply stated is as follows: "In dispensing welfare services, need is no longer a consideration." I suppose that it can be justified on a basis of "equality"—that is, the rich ought to be treated equally with the poor, and therefore they should be entitled to the benefits of welfare programs just as the poor are. And, by the same token, why should not the poor be taxed to pay for the welfare benefits of the rich? It is more equal that way.

Motion is not necessarily progress, traveling in reverse may give the rider the same sensation of motion, but the results may be just the opposite of what he expected. His objective gets further away, instead of closer. I assume that it is still our objective to help our citizens become self-reliant and independent. This program of "Robin Hood in reverse" for financing, with its complete disregard for need in disbursement, will take us further from that objective. If, on the other hand, our objective has changed, and it is now our desire to make every citizen as dependent as possible on his Government for his every need, then this program is a giant step in that direction.

Last year it appeared that we would finally enact the first increase in OASDI benefits since January of 1959. But, this needed increase in cash benefits was sacrificed so that medicare could have another chance. It has become clear that retirees will not receive a long-overdue and much-needed increase in cash bene-

fits unless medicare is attached to the package.

We should not overlook the fact that it is primarily the people who are under social security who have been robbed by the policies of this administration, particularly its financial policies. Do not be misled, because it was the administration that robbed them of their opportunity and right to get an increase in their social security benefits.

The implicit ultimatum in this situation was, "You either take medicare, or forget about any increases in cash benefits for the present." I was both dismayed and disappointed by these developments which denied to our aged a few extra dollars to meet their ever-increasing living expenses. It was cruel and uncalled for.

I personally believe it was immoral. It was absolutely and positively unconscionable. It was cruel and it was uncalled for.

My mail from social security recipients overwhelmingly indicates that they are far more concerned over receiving a little more cash to put bread on the table than anything else.

All of us recognize that there is a need for a program that will insure adequate medical care to our aged. Many can provide it for themselves and are doing so under private insurance programs, and some can afford to pay all their medical bills out of their own resources.

I am extremely disappointed that the Senate a few moments ago turned down the amendment of the distinguished Senator from Nebraska [Mr. CURTIS], which would have provided that those who can afford to do it shall pay their own medical bills. Some are not financially able to make such provisions for their medical needs and must has assistance. The Kerr-Mills Act was a positive step toward filling that void. We had an excellent opportunity to obtain experience in this field, but the program was scuttled by its administrators before it had a chance to go into operation. Even the most carefully drawn program cannot stand up against deliberate efforts of sabotage by the people who are authorized and obligated by law to administer it.

That is exactly what the officials in this administration have done.

Criticism was raised against the "means test." It was said to be too stringent. The position of the administrator was that "means tests" were inherently bad and should be eliminated entirely.

During the hearings on this measure, Secretary Celebrezze made this point several times. On page 135 of the Senate hearings the Secretary said:

> We do not advocate, we do not subscribe to, any program which must meet a needs test.

In the same colloquy with Senator CURTIS, Secretary Celebrezze also indicated that he opposed an income test. This is indeed unfortunate, and I think a bit inconsistent since the Social Security Program has had an income test in it since its inception. Under present law, an aged recipient can only earn $100 per month without having his cash benefits diminished.

I applaud the committee's decision to liberalize the earnings limitation. I joined in recommending similar action in the minority views of the report of the Special Committee on Aging. I ask unanimous consent that that part of the minority report of the Special Committee on Aging, dated March 16, 1965, be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

OASDI EARNINGS LIMITATION

Another badly needed change in the old-age and survivors insurance program relates to present limitations on earnings by a beneficiary.

The present unpenalized earnings limitation of $1,200 a year is totally unrealistic.

It discourages many who would like to supplement their pension funds with income from part-time work.

It virtually prohibits gainful full-time employment by others, often including those whose incomes are lowest.

The provision that a social security beneficiary will only lose half of his earned income between $1,200 and $1,700 a year, is awkward and cumbersome. In actual practice it only gives lipservice to the concept that the $1,200 limitation is too severe.

Unquestionably this Social Security Act provision should be changed. Whether it should merely permit higher unpenalized earnings, or be completely eliminated should be the object of careful study.

One possible way of meeting the older person's need would be to provide that there would be no reduction of old-age and survivors insurance benefits unless earnings and benefits "combined" exceeded a specified amount (i.e., $3,600 per year).

We recommend careful study of all such possibilities concurrently with our proposed review of budgetary requirements of older people.

Congressional action to accomplish these changes to provide higher benefits and greater flexibility under title II of the Social Security Act will vastly strengthen the independent economic position of older Americans.

By better meeting the primary need for income, such amendments would substantially reduce the necessity for special programs directed at specific needs. They would help restrict expansion of Federal controls over the lives of persons past 65.

It must be recognized that even then special problems will remain for many and will require different approaches by Government.

One of these is the problem of income for those who are not recipients of old-age and survivors benefits. Many of these people rely on the old-age assistance programs of the several States under title I of the Social Security Act.

There is evidence that some of these programs are inadequate to the needs of the public assistance clients now on their rolls.

Prudence would suggest a careful review of this part of the Social Security Act to the end that the needs of people served by it are adequately and reasonably met. There should be consideration also of extending old-age and survivors insurance benefits under social security to persons age 72 and over who are not now covered.

At the same time that changes are made in social security to improve income of older people, it is most important that the rapidly growing private pension programs be given every possible encouragement.

While future actions toward further stimulation of private pensions may not address themselves to the needs of those now retired, they can significantly affect the income situation of those who will retire in the future.

Mr. ALLOTT. Too long we have legislatively imposed poverty on aged persons capable of earning enough to lift themselves out of their predicament if they were only given the chance to earn more.

The greatest need of our aged is increased income. Increased income will solve most of the financial problems of the aged. The retiree counted upon a certain level of income in purchasing power over the years, but unfortunately that purchasing power has not materialized. It has not materialized because our "Alice in Wonderland" fiscal policies have eroded the value of his benefit dollars to such a point that inflation has made him a victim of poverty. We in Congress have an obligation to see to it that cash benefits are increased commensurate with the loss of purchasing power to the dollar as a result of inflation. Since it has been Government spending, debt, and monetary policies that have robbed the retiree of his retirement income, Congress must see to it that what has been taken from him by irresponsible fiscal policies is returned in increased benefits.

Every time there is a wage increase that is reflected in increased prices, and every time there is a price increase regardless of its cause, it takes money out of the pocket of the retiree. With the social security retired, Congress has the power to make amends. But with the retiree on a private pension plan, Congress can do nothing to make amends. The only thing that Congress can do for the latter is to take strict control of fiscal policies and stop the spiral of inflation.

There has been little inclination on the part of Congress in recent years to lean toward more strict fiscal policies. It has neither been popular nor politically expedient to exercise reasonable restraint in our spending policies. Of course, the last two administrations have gone down the road in the opposite direction as fast as they could.

Deficit spending has become a way of life in Washington. The philosophy has been "buy now, and let the next generation pay for it." I am concerned as to how much of the cost of the medicare program is being loaded onto the next generation; in other words, what is the medicare program going to cost the next generation. During the 1962 debate on the then-conceived medicare proposal, some rather interesting tables prepared by Robert J. Myers, Chief Actuary of the Social Security Administration, were inserted in the RECORD by the Senator from Iowa [Mr. MILLER]. These tables disclose the amount of the deficit that is being passed onto the next generation under the OASDI program. Realizing that the present medicare proposal has incorporated in it many changes, as compared with the measure then being discussed and, that any change in benefits would affect the actuarial balance, I wrote Mr. Myers requesting him to update this information, as I believe such information to be very germane to our

consideration of this measure, even though, apparently, the majority on the other side of the aisle did not think it should be considered. Mr. Myers responded and advised me that he was unable to comply with my request because of other heavy workloads imposed upon his staff by the pending legislation. He also stated that they had not updated this information because "they would be relatively unchanged over those published as of January 1, 1962, since the program has not been significantly amended," and suggested that the 1962 figures would be relatively valid.

I think it is this kind of actuarial work that has put social security in the financial position it is in today.

It is difficult to understand, in view of the type of bill reported, how any load arising from this legislation could have been imposed on any actuary anywhere in the Government.

I suppose in the actuarial sense he operates as he did on this bill: he assumes that relatively good is good enough.

I have my doubts about this as it is my understanding that there have been some rather significant changes in the medicare proposal. However, since Mr. Myers is unable to furnish me with up-to-date information, my only recourse is to rely upon 1962 data.

Mr. President, in fairness to Mr. Myers, I ask unanimous consent that our entire exchange of correspondence, consisting of four letters, relative to this matter be printed in the RECORD in full, so that his position, such as it is, may be fully disclosed.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MAY 27, 1965.

Mr. ROBERT J. MYERS,
*Chief Actuary,*
*Social Security Administration,*
*Washington, D.C.*

DEAR MR. MYERS: Some rather interesting and very important statistical data relative to the social security program were developed by you in 1962 and appears in the July 11, 1962 CONGRESSIONAL RECORD on page 13280. These tables should be updated since the information contained therein is highly pertinent to the upcoming debate on H.R. 6675, amendments to the Social Security Act. I would appreciate it if you would have someone in your office update this information for the following tables as shown on page 13280 of the CONGRESSIONAL RECORD for July 11, 1962:

"Present value of taxable payrolls."
"Present value of benefits and administrative expenses."
"Present value of scheduled contributions."
"Existing fund."
"Actuarial balance."
"Surplus or deficit."
"Number of present members."
"Deficit for present members."
"Per capita deficit for present members."
"Current taxable payroll."
"Deficit as percentage of current taxable payroll."

I would appreciate having this information as soon as possible.

Sincerely yours,

GORDON ALLOTT,
*U.S. Senator.*

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
*Washington, D.C., May 28, 1965.*

Hon. GORDON ALLOTT,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR ALLOTT: This is in response to your letter of May 27 requesting an updating of the information on the so-called "unfunded accrued liability" of the old-age, survivors, and disability insurance program comparable with what was shown in the CONGRESSIONAL RECORD for July 11, 1962 (p. 13285).

I very much regret to inform you that we have not subsequently updated this information because it would involve a great amount of technical work, and our actuarial staff is too limited to undertake this assignment in view of the relatively artificial nature of this concept and in view of the other heavy workloads imposed upon us by pending legislation. Moreover, even if this were given the prime order of precedence, it would be impossible to perform the vast amount of calculations necessary within such a short period as the few weeks remaining before the upcoming debate on H.R. 6675. I hasten to point out, however, that another important reason why we have not updated these figures is because they would be relatively unchanged over those published as of January 1, 1962, since the program has not been significantly amended.

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance although there are certain points of similarity, especially as concerns private pension plans. In a private insurance program, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated the plan will be in a position to pay off all the accrued liabilities.

This, however, is not a necessary basis for a national compulsory social insurance system. It can reasonably be presumed that under Government auspices such a system will continue indefinitely into the future.

The test of financial soundness, then, is not a question of there being sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Thus, the concept of "unfunded accrued liability" does not by any means have the significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

I am, indeed, sorry that I cannot comply with your request, but I hope that you can understand the reasons therefor. As I indicated previously, not only is there the workload matter, but also the figures resulting would be of about the same order of magnitude as those previously published.

Sincerely yours,

ROBERT J. MYERS, F.S.A.,
*Chief Actuary.*

JUNE 7, 1965.

Mr. ROBERT J. MYERS,
*Chief Actuary,*
*Social Security Administration,*
*Washington, D.C.*

DEAR MR. MYERS: I was somewhat surprised by your response to my letter of May 27, 1965, and I cannot agree with your position that a determination of how much of the burden of H.R. 6675 is being loaded onto the next generation is a "relatively artificial" concept. The "relative artificiality" of a concept depends upon the vantage point of the observer, and to the young entrant who will be paying in his hard-earned dollars for the next 45 years or so, such a concept is far from artificial.

Your statement that "It can reasonably be presumed that under Government auspices such a system will continue indefinitely * * *" negates the argument I have heard in some quarters to the effect that "Let's try the medicare program, if it doesn't work we can always repeal it." You correctly point out that once this program has commenced, it can never be stopped. A logical extension of that statement would be that if this program is a mistake we are stuck with it forever. It therefore behooves us to make the most careful and critical scrutinization of the program before it is irrevocably enacted into law.

I have seen tabulations indicating that a new entrant would contribute in excess of $80,000 to the social security fund, including interest at 4 percent. This, of course, is based upon the assumption taht the new entrant pays the maximum annually, and of course that his employer pays an equal amount. It would appear safe to assume that the average new entrant would pay the maximum amount since according to the 1964 Department of Commerce Statistical Abstract the average family income in current dollars in 1962 was $7,262.

The maximum taxable income is presently $4,800 and would increase to $5,600 in 1966 and to $6,600 in 1971. It would seem to me that what the contributions of a young entrant will purchase in the way of insurance for himself and his family as compared to his total contributions including interest is a matter of vital interest and not to be dismissed as being a "relatively artificial concept."

Calling a program "insurance" does not make it an insurance program, particularly when you continue to apply welfare criteria. In your letter you say "The test of financial soundness, then, is not a question of there being sufficient funds on hand to pay off all the accrued liabilities. Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs." This is the same test that is applied to other welfare programs financed through earmarked revenues from special tax sources such as Colorado's old age pension and health and medical care program. The only difference is that the source of revenue in this case is a nondeductible payroll tax on the employee plus a deductible payroll tax on the part of the employer.

If medicare is a welfare program then the concept of unfunded accrued liabilities would be somewhat artificial and the level of contribution would be less relevant because it would have no bearing upon the expected returned benefits. But, as a welfare program, medicare flies in the face of the most basic welfare concept, and that is that it be based upon need. H.R. 6675 grants aid to the wealthy and the poor alike.

It is indeed unfortunate that other workload will require us to rely upon figures more than 3 years old..

Sincerely yours,

GORDON ALLOTT,
*U.S. Senator.*

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, SOCIAL SECURITY ADMINISTRATION,
*Washington, D.C., June 8, 1965.*

HON. GORDON ALLOTT,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR ALLOTT: This is in response to your letter of June 7, commenting on my letter of May 28, which dealt with your inquiry of May 27 about the so-called unfunded accrued liability of the OASDI program.

Let me say first that I believe as strongly as anybody does that before enacting any new program—or, in fact, before making any changes in any existing program—we should make the most careful analysis possible of all aspects, including particularly the costs involved. I hope that I need hardly say that over the years I have always attempted to make the best possible cost estimates for any proposed changes to the social security program regardless of the administration's position on the desirability of the changes proposed or, for that matter, regardless of my personal views thereon.

In line with the latter point, I did not mean to imply that any determination of how much of the costs of H.R. 6675 are being placed on future generations is a "relatively artificial" concept, because I believe that the entire cost analysis is most important. Rather, what I was referring to was that the "unfunded accrued liability" concept is subject to serious misunderstanding, and the concept itself is essentially an artificial one. I believe that there are much better ways of measuring the long-range cost impact of legislative proposals, and these ways have been followed in the material contained in the House Report on the bill.

You mention tabulations indicating that a new entrant would contribute in excess of $80,000 to the trust funds under the bill, if interest at an annual rate of 4 percent is included, if the new entrant is covered for maximum earnings each year, and if the employer contributions are included (and, in fact, this figure is $83,440 for a 45-year period of coverage beginning in 1966). In my opinion, the employer contribution for each worker should not be considered directly assignable to that particular person.

There is nothing in the law that so prescribes, and this procedure is not followed under the vast majority of private pension plans. Instead—just as under the OASDI system—the employer contribution is pooled for the benefit of all employees, and more of it goes to the high-cost members (such as those near retirement age when the pension plan began) than to the low-cost members.

In private pension plans, it is customary for the employer to pay relatively larger pensions to those near retirement when the system begins (by granting prior service credit). Accordingly, such employees will contribute, and thus "purchase," relatively small proportions of their pensions. On the other hand, for younger workers, the employer may pay for only a relatively small part of the pension, with most of it coming from the employee's own contributions accumulated over the many years at interest.

I do not believe that it is correct to presume that all new entrants have earnings at the maximum taxable amount. The fact that the average family income in current dollars in 1962 was $7,262 is not meaningful, because many families have more than one worker and because many of the families have income from sources other than earnings covered under the program. Furthermore, even if the average annual earnings of covered individuals were as high as $7,262, there would be many individuals well below the average, since there would likewise be many individuals above the average. As a matter of fact, in 1963 only 31 percent of all wage and salary workers had earnings of $4,800 or more in covered employment, and even of those who worked in all 4 quarters of the year, less than 40 percent were in this category (see the enclosed copy of table 12 from our Quarterly Summary of Earnings, Employment, and Benefit Data for September 1964).

The statement that I made as to the test of financial soundness of a social insurance system does not mean that any other program that meets such a test of financial soundness is also social insurance. In other words, this is a necessary condition, but it is not a sufficient condition. A public assistance program could meet this test of financial soundness if there are definitely earmarked revenues from special tax sources that, over the long-range future, would support the estimated expenditures. I think that this is only a theoretical point, however, because I have never seen any long-range cost analysis of a public assistance program on this basis. There are, however, many features that distinguish social insurance programs from public assistance programs—such as the latter having as a condition for benefit receipt an individual investigation of income and assets.

Sincerely yours,
ROBERT J. MYERS, F.S.A.,
*Chief Actuary.*

Mr. ALLOTT. Mr. President, according to these tables, a deficit of $4,679 per retiree was being passed on to the next generation. It should be noted that these tables show the deficit as it developed or was increased by each of the liberalizing acts since the 1956 act. The deficit trend shows a marked and persistent increase in every category. We can only conjecture as to the level of the deficit that will result from this measure. I dare say it will be enormous. The trend is clear, the deficit will continue to increase. According to Mr. Myers' table, the unfunded accrued liability of the OASDI program was $321 billion on January 1, 1962. What will it be on January 1, 1968—$600 billion?

I repeat, for the sake of emphasis: The unfunded accrued liability of the OASDI program was $321 billion on January 1, 1962.

I might interpolate and comment on a similar situation which affects every employee of the Government of the United States. Under the Civil Service Retirement Act, the Government is required to contribute to the civil service retirement fund an amout equal to that which the Government employees contribute. According to the testimony given to the Subcommittee on Independent Offices Appropriations of the Committee on Appropriations, that figure was $37.4 billion at the end of June 30, 1964. The figure as of June 30, 1965, is $39.9 billion.

We shall have an opportunity early next week to correct a part of this. Then we shall see where Senators stand.

But in order that there may be no mistake about the Civil Service Retirement Fund—I am speaking to the employees of the Government, including the employees of the Senate and Senators and Members of the House of Representatives, as well—the Government will have to contribute to the Civil Service Retirement Fund $39.9 billion before it will have contributed its share. Unless we start doing that, the fund itself will be broke, based upon present actuarial expenses, by 1980. That is something to reflect on. Now it is proposed to apply the same principle to the people who have paid into the social security fund over a period of years, and which Congress is now moving so rapidly to wreck completely.

Mr. President, I ask unanimous consent to have Mr. Myers' tables printed at this point in the RECORD, so that Senators may reflect on these data.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Balance sheet cost analyses of OASDI system, 1958, 1960, and 1962 intermediate cost estimates at 3-percent interest*

PRESENT VALUE OF TAXABLE PAYROLLS

[In billions]

| Item | Jan. 1, 1958 1956 act | Jan. 1, 1958 1958 act | Jan. 1, 1960 1960 act | Jan. 1, 1962 1961 act |
|---|---|---|---|---|
| Present members | $2,876 | $3,038 | $3,204 | $3,279 |
| New entrants | 6,795 | 7,202 | 7,583 | 7,747 |
| Total coverage | 9,671 | 10,240 | 10,787 | 11,026 |

PRESENT VALUE OF BENEFITS AND ADMINISTRATIVE EXPENSES

| | | | | |
|---|---|---|---|---|
| Present members | $486 | $543 | $587 | $625 |
| New entrants | 335 | 377 | 404 | 431 |
| Total coverage | 821 | 920 | 991 | 1,056 |

PRESENT VALUE OF SCHEDULED CONTRIBUTIONS

| | | | | |
|---|---|---|---|---|
| Present members | $194 | $231 | $254 | $282 |
| New entrants | 563 | 641 | 682 | 719 |
| Total coverage | 757 | 872 | 936 | 1,001 |

EXISTING FUND

| | | | | |
|---|---|---|---|---|
| Present members | $23 | $23 | $22 | $22 |
| New entrants | | | | |
| Total coverage | 23 | 23 | 22 | 22 |

ACTUARIAL BALANCE, SURPLUS (+) OR DEFICIT (−)

| | | | | |
|---|---|---|---|---|
| Present members | −$269 | −$289 | −$311 | −$321 |
| New entrants | +228 | +264 | +278 | +288 |
| Total coverage | −41 | −25 | −33 | −33 |

NOTE.—Present members are all living persons (including beneficiaries) who have earnings credits, as of the given date. New entrants include those participating in the system at any time after the given date who had no earnings credits before that date.

*Per capita deficit for present members, 1958, 1960, and 1962 intermediate cost estimates at 3-percent interest*

NUMBER OF PRESENT MEMBERS [1]

[In millions]

| Item | Jan. 1, 1958, 1956 act | Jan. 1, 1958, 1958 act | Jan. 1, 1960, 1960 act | Jan. 1, 1962, 1961 act |
|---|---|---|---|---|
| Active workers | 56.7 | 56.7 | 58.4 | [2] 50.0 |
| Retired workers | 6.3 | 6.3 | 7.9 | [2] 9.6 |
| Total | 63.0 | 63.0 | 66.3 | 68.6 |

DEFICIT FOR PRESENT MEMBERS

[In billions]

| | | | | |
|---|---|---|---|---|
| | $269 | $289 | $311 | $321 |

PER CAPITA DEFICIT FOR PRESENT MEMBERS

| | | | | |
|---|---|---|---|---|
| | $4,270 | $4,587 | $4,691 | $4,679 |

Footnotes on following page.

[1] Active workers taken as average of calendar year average figures for current and previous year (coverage in effect). Retired workers are primary beneficiaries in current payment status as of date given. Although survivor beneficiaries are not included in the count of "present members," all dollar figures include liabilities for survivor benefits.

[2] Average for March, June, and September 1961 (coverage in effect).

[3] Estimated, using 9.4 million actual as of end of October 1961, plus assured 100,000 monthly increase.

*Deficit for present members as percentage of current taxable payroll, 1958, 1960, and 1962 intermediate cost estimates at 3-percent interest*

CURRENT TAXABLE PAYROLL [1]

[In billions]

| Jan. 1, 1958, 1956 act | Jan. 1, 1958, 1958 act | Jan. 1, 1960, 1960 act | Jan. 1, 1962, 1961 act |
|---|---|---|---|
| $181 | $181 | $202 | $214 |

DEFICIT FOR PRESENT MEMBERS

[In billions]

| | | | |
|---|---|---|---|
| $269 | $289 | $311 | $321 |

DEFICIT AS PERCENTAGE OF CURRENT TAXABLE PAYROLL

[Percent]

| | | | |
|---|---|---|---|
| 149 | 160 | 154 | 150 |

EMPLOYERS AND EMPLOYEES

[Percent]

| Years | Now | Bill |
|---|---|---|
| 1962 | 3 | 3 |
| 1963–65 | 3½ | 3¾ |
| 1966–68 | 4 | 4¼ |
| Thereafter | 4½ | 4¾ |
| SELF-EMPLOYED | | |
| 1962 | 4½ | 4½ |
| 1963–65 | 5¼ | 5⅝ |
| 1966–68 | 6 | 6⅛ |
| Thereafter | 6¾ | 7⅛ |

[1] Taxable payroll for previous calendar year, e.g., calendar year 1961 for valuation of Jan. 1, 1962.

Mr. ALLOTT. Mr. President, Mr. Myers says that the concept of unfunded accrued liability is an artificial concept. The reason he gives is that a national compulsory social insurance system can "reasonably be presumed" to continue indefinitely into the future. In other words, he is saying that once we embark on this course, we can never turn back.

It has been made abundantly clear during the course of the debate on this measure that we can never turn back, even though by the passage of the bill we shall make a shambles of the social security program. If we make a mistake with this program; if it is not actuarially sound; or if the concept is wrong; we and future generations will be stuck with that mistake, forever. Under such awesome circumstances, it would seem logical for Congress to seek the best advice possible—to consult with those groups which have the most intimate experience in the field of health care and administration of health insurance programs.

The insurance industry and the medical profession would obviously have the greatest expertise in these matters. However, the proponents of this measure did not seek the advice of the medical profession as a whole. A few select members of that profession were consulted, but the collective experience and judgment was not sought. And when such advice was rendered by both the insurance industry and the medical profession it was not only not welcome, but it was completely ignored. I marvel at this "new-found" wisdom of Congress. An article written by Freeman Bishop and published in the June 7, 1965, American Metal Market, points this out. I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DOCTORS' REMEDY FOR MEDICARE

(By Freeman Bishop)

WASHINGTON.—Almost everyone on Capitol Hill has a version of what he believes medicare to be, although nobody knows how anyone could interpret accurately some of the hazily written legislation on this subject.

While the Nation's "informational media" have been full of charges that doctors are obstructionists, not many seem to have gone to the trouble to find out what the doctors think.

The presently pending legislation was written without consultation with the Nation's doctors, apparently on the theory that the doctor needs guidance in how to treat ill elderly people.

WITHOUT CONSULTATION

And chances are future amendments to this legislation designed to put everyone under a Federal health program will be written also without benefit of those who practice medicine.

The undercurrent here implies doctors are more interested in their fees than in medicine. Nobody likes to say this, but it's the essential basis for medicare proposals.

Tax experts have taken over this area of practicing medicine, some charge. But what advocates of medicare won't admit is that the rising costs of health programs under social security will detract a hefty sum from everyone's payrolls.

Dr. Donovan F. Ward, president of the American Medical Association, last week pledged the Nation's doctors would never go on strike against their patients, but he pleaded for some more reasonable understanding of the problems involved.

AMA'S OBJECTIONS

Dr. Ward's reaffirmed medicine's longstanding objections to a federally administered health care program, financed by payroll taxes, and providing aid across the board to an entire segment of the population, regardless of financial need.

"You are being urged here to approve a historic revision of the U.S. medical system," he told the Congress. "The pattern thus established would be the same in all essential particulars as that in other countries whose health care today is marked by precarious financing, controls, overburdened facilities and distracted, frustrated physicians."

Wherever Government-financed, Government-controlled health care programs have been tried, Dr. Ward told the committee, they have been marked by overutilization of facilities and rising costs. Then he added:

"When costs get out of line—and let me assure you, they will—there are three possible courses of action:

"The first is to reduce the benefits; the second is to increase the taxes; the third is to impose Government controls on the services in an attempt to control costs.

"Under our system of medicine as we have always known it, treatment of the individual has come first and financing second. The physician has exercised his knowledge and skill to his greatest capacity in each case.

"But with the emphasis shifting from quality to cost, as it must under a publicly financed program, a deterioration in the quality of care is inescapable."

CONSIDER EACH PART

Terming the measure "an omnibus bill of overwhelming proportions," the AMA president asked the committee to consider its various parts separately.

He noted that the eldercare program (S. 820) remains the only proposal before Congress which was formulated in consultation with the medical profession. He emphasized that it was developed only after long and careful study by physicians, based on their years of experience in caring for the elderly.

The AMA urges, said Dr. Ward, that this program be substituted for the hospital and medical sections of H.R. 6675. It would provide State and local administration while avoiding unwarranted taxation of younger workers to pay for the care of millions of well-to-do and self-supporting.

At the same time, he offered a wide range of modifications and amendments which were suggested by the medical profession for all parts of the bill, including the hospital and medical sections to which the AMA holds fundamental objection.

Mr. ALLOTT. Mr. President, Dr. Donovan F. Ward, past president of the American Medical Association, in his testimony before the Finance Committee pointed out that wherever government health programs have been instituted, there has been a resultant overutilization of facilities. Our experience in Colorado has borne this out. In 1957 Colorado inaugurated its old-age pension medical plan. It required a constitutional amendment, which the people passed. When the proposition was put to the people, the experts assured us that that cost would not exceed $10 million in the foreseeable future. Consequently, a ceiling of $10 million was put on the program on the amendment. In the fourth year, expenditures exceeded $10 million and since that time some of the services have had to be curtailed to keep the cost below $13 million. I ask unanimous consent that a table prepared by the Colorado State Department of Public Welfare entitled "Old Age Pension Medical Expenditures, July 1957 to June 1964" be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Colorado State Department of Public Welfare—Old-age pension medical expenditures, July 1957–June 1964*

| | 1957–58 | 1958–59 | 1959–60 | 1960–61 | 1961–62 | 1962–63 | 1963–64 | Total |
|---|---|---|---|---|---|---|---|---|
| Hospitalization | $1,577,693.34 | $4,953,568.37 | $5,943,601.67 | $5,008,726.37 | $4,938,988.88 | $6,836,051.24 | $5,803,790.92 | $35,062,420.79 |
| Nursing home | 418,340.62 | 1,624,116.58 | 1,965,924.74 | 2,454,817.88 | 2,835,668.36 | 3,376,662.74 | 3,916,760.80 | 16,592,291.72 |
| Physicians' services: | | | | | | | | |
| In hospital | 261,577.30 | 1,182,499.23 | 1,345,482.23 | 1,644,616.76 | 1,319,541.49 | 1,725,466.88 | 1,505,518.79 | 8,984,702.68 |
| In nursing home | | 23,017.25 | 90,637.50 | 105,093.00 | 114,395.95 | 122,659.25 | 84,974.25 | 540,777.20 |
| Home and office | | | 344,635.00 | 421,268.45 | 442,098.41 | 482,764.50 | 238,932.54 | 1,929,698.90 |
| Drugs | | 77,664.30 | 241,275.51 | 323,335.21 | 388,050.83 | 451,183.91 | 463,907.35 | 1,945,417.11 |
| Transportation | 15,678.30 | 54,635.70 | 62,931.27 | 56,993.27 | | | | 190,238.43 |
| Administration | 27,246.00 | 98,704.00 | | | | | | 125,950.00 |
| Total | 2,300,535.56 | 8,014,205.43 | 9,994,487.81 | 10,014,850.94 | 10,038,743.92 | 12,994,788.52 | 12,013,884.65 | 65,371,496.83 |

Mr. ALLOTT. Dr. Ward pointed out the three possible courses of action that might be taken to put such a program back in financial balance: First, reduce the benefits; second, increase taxes; and third, impose government control on the services in an attempt to control costs.

In Colorado, we first attempted to put on some controls to keep costs down. They were effective only to a minor extent. Subsequently, services had to be reduced. Since our program was established by constitutional amendment, there has been no real effort to change its financial scheme because it would require another constitutional amendment. The people of Colorado were told by the experts that the $10 million limitation would cover the financing of the program for many, many years; however, as the table discloses, the program went out of its financial bounds in the fourth year.

Mr. President, this is exactly what would happen with this so-called medical problem, as unfounded and wild as it is.

Assuming that we have a similar experience in the medicare program, and indications are that we will, then we can expect the Social Security Administration to follow one or more of the three possible courses of action. The least likely of the three possibilities to be pursued is the reduction of benefits. There are many reasons for this, and some of them are political. This leaves the other two possibilities; namely, to increase taxes, and to impose controls on services.

The experience of other nations with national health programs has been that a distinct deterioration of the quality of medical services follows when rigid government controls are imposed.

Mr. President, I do not believe that it is inappropriate to say that doctors have appeared before the committee many, many times and have consistently testified to the superior quality of the medical services offered to the people of the United States, a service which is superior to that offered to the people of any other nation of the earth. Yet, our country is one of the countries which has retained a completely independent medical service for our people.

I do not think it takes much imagination to realize that this is a natural consequence. But, certainly, a deterioration of the quality of medical services is the last thing we want. The purpose of this bill, according to its proponents, is to insure that every aged person can obtain high-quality medical assistance, and will not be denied it because of financial limitations. Therefore, the only possibility of the three left open is to increase taxes.

Under the present income tax structure and the proposed schedule of taxes under this bill, many persons will pay more in taxes to the social security system than they will pay in income taxes. Under this bill the individual wage earner would pay a maximum of $209.45 per year in social security taxes for 1966, which would increase to $363 in 1973, and eventually to $368.50 by 1987. However, in the history of the social security program, no tax schedule has ever been fully implemented—each has been further increased by legislation before the last scheduled increase became effective. The final scheduled increase under present law was to have become effective in 1968, but this bill changes that. Therefore, if history provides us with any sort of guideline as to what to expect in the future, we can expect an increase in this schedule of social security taxes within a few years. This will be necessary to finance the medicare program. But, what of other increases in cash benefits? Will they no longer be possible because of the demands of the medicare provisions? Experience strongly suggests that they will suffer.

In addition, continued inflationary fiscal policies will place an additional burden on the medicare program through rising costs. According to the majority report, hospital costs have been increasing on an average of 6.7 percent each year. Wages, on the other hand, have been increasing at an average rate of approximately 4 percent. While expensive improvements in facilities must certainly account for some of this increase in hospital costs, nevertheless, a large part of the increase is directly attributable to inflation. Everyone who does any shopping knows that food prices have increased considerably in just the last few months. Living costs are now 130 percent higher than in 1940. Under present policies this trend will continue—it is planned to continue. A new ingredient is evident in proposals that will accelerate this inflationary trend.

Two significant actions have been taken by the Congress this year which accelerate inflation. The first action was to remove the 25-percent gold reserve requirement on Federal Reserve deposits. The second action was the desilverization of our coinage, leaving only a small amount of silver in our half dollar. Mr. President, and Senators, it is now just a short jump to "printing press money."

With a national debt of $328 billion, and upon which the interest alone is $1 billion per month, a slackening of our inflationary trend is the last thing we can expect. These factors will vastly increase the demands of the social security system for additional revenues, which will in turn mean further increases in the tax rate.

Mr. President, it is like a dog chasing his tail and then eating his own tail.

Under this present proposal the wage-earner is already heavily loaded with deductions from his paycheck. The young wage-earner can ill-afford further tax demands upon his earnings. In his early years, the demands of his family are the greatest, and this is the time when he can least afford to finance a health insurance program for the aged. Certainly, he can least afford to pay for a program that gives the same benefits to the wealthy and indigent alike.

Mr. President, our beloved chairman of the Finance Committee, in the individual views, took a position in opposition to this measure. The expertise, knowledge, and objectivity of the chairman of the Committee on Finance in the field of financial matters is well known. I respect his judgment highly, and would not lightly put it aside. It is pointed out in the individual views that this program was conveived contrary to the advice of the two most knowledgeable groups on the subject in our society—our physicians and our insurance industry. He and his colleagues joining in the individual views said:

Ironically, the proponents of the legislation depend upon these two groups to make the legislation succeed.

Because the individual views make these points so eloquently, I ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, the individual views were ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS

The undersigned have joined in these following views opposing enactment of the so-called medicare provisions of H.R. 6675 as amended by the majority of the members of the Senate Finance Committee.

We recognize as a fact that some of our aged citizens need governmental assistance to meet the cost of adequate medical care. But we are also convinced that many of the aged are capable of meeting their medical costs without Government assistance; thus the best solution has not been devised. We must oppose any legislation which would derive its financing from a compulsory tax on first dollars of wages earned by the Nation's working men and women to pay the hospital and other medical bills of the well-to-do and wealthy aged, most of whom are well able to meet such bills from their own resources.

Such legislation produces an unequitable and unjustified tax burden on gross earnings of wage earners.

In addition, fiscal experts both in and out of the administration concede that a $6.8 billion annual brake will be applied to the Nation's economy. The $6.8 billion increase (to multiply in cost in later years) will not even cover early year program costs according to business actuaries and experts with experience in the health insurance and health care fields. They can prove their contention from health insurance claim experience and by the annual reports of countries which have enacted compulsory government health programs. Saskatchewan, for example, in less than 18 years shows an increase of 200 percent in hospital utilization by its aged. No such estimates were computed in arriving at an expected cost figure in this legislation. Costs in the British social security program have so skyrocketed that some responsible Englishmen prominent in the welfare field are now advocating a change so that only the needy would be aided in an effort to avoid bankruptcy of their entire welfare system.

Some advocates in this Congress, attempting to give assurance that the medicare program won't impair the retirement funds, point to the separate trust fund as though it would vouchsafe retirement dollars. This is illusory. Congress 10 years ago provided a separate trust fund for the disability program and our 10-year experience finds us in this very legislation having to rob the retirement fund. It is unfair that we impair the solvency of a program upon which many retired persons and millions more to retire in the future depend, at least as a retirement foundation.

We deplore the damage this legislation will do to our voluntary private insurance system. Its immediate effect will destroy private initiative for our aged to protect themselves with insurance against the costs of illness. More than 60 percent of our aged now purchase, without Government assistance, hospital and medical insurance. This private effort will cease if Government benefits are given to all aged. We anticipate that a Government health program for the aged will be extended to additional age groups of the population by the same erroneous rationale which motivates the passage of this legislation to the extinction of the private insurance industry. A replacement of private sector activity in the health insurance industry could be repeated; in fact, other nations' experience dictates that it would be repeated regarding private hospitals, private medical schools, ad infinitum. The advocates of this legislation are already at work pointing out how the step taken in this bill represents merely the beginning of Government medical care for persons of all ages.

Compulsory Government health insurance is well along the way through our legislative process against the advice of the two most knowledgeable groups on the subject in our society—our physicians and our insurance industry. Ironically, the proponents of the legislation depend upon these two groups to make the legislation succeed. The insurance industry is to provide the expertise in making the arrangements with the providers of health services and health care, and only the physicians can certify a beneficiary for benefits by declaring his condition as "a medical necessity" requiring hospitalization, nursing home care, diagnostic care, home health services, or physician care.

We have urged the majority of the members of the committee to look to other methods to avoid killing private responsibility, or at least some degree of self-responsibility, including the use of deductibles and coinsurance to hold down the cost and to eliminate the "smack of socialism" implicit in a coverage-for-all program without avail. We have warned against imitating foreign country government type health programs, most of which have already experienced strife, financial difficulty, and a deterioration of the quality of medical excellence. We are proud of our medical system, which has produced the greatest progress in prolonging life and reducing the incidence of disease and sickness.

We plead that though the hour is late, it is never too late to do the right thing. Let's consult with our great medical profession and cease listening to voices of Government witnesses who throughout the world have sung the siren songs which have resulted in mediocre Government quality medicine replacing a far better system under which a free medical profession can continue to produce medical miracles for all mankind.

HARRY F. BYRD.
JOHN J. WILLIAMS.
WALLACE F. BENNETT.
CARL T. CURTIS.
THRUSTON B. MORTON.

Mr. ALLOTT. Mr. President, considering all these factors and many others, I cannot support this measure. I do not wish my vote to be misconstrued, however. It is only a vote against the medicare program. The increase in cash benefits for those persons under social security, although somewhat paltry, is needed and well deserved. Absent the so-called medicare provisions of this bill, it would have my wholehearted support. Although I am convinced something must be done to provide medical care for those of our aged who cannot financially provide it for themselves, I am equally convinced that the so-called medicare proposal is not the way to go about it. I am also equally convinced that it runs against all conscience and sane judgment.

In January of this year I joined in sponsoring a measure that is infinitely superior to the so-called medicare program, in my opinion. This proposal has been given the popular name of eldercare, and is embodied in S. 820. The eldercare plan goes to the heart of the real problem. It would not endanger our social security system with the threat of insolvency, but it would give the kind of aid needed by the elderly when and where they needed it most. Eldercare would have authorized Federal grants to States on a matching basis to help persons 65 years of age and older to pay the costs of health insurance if they could not otherwise pay for it. Such health insurance would be made available through companies which have Blue Cross and Blue Shield type policies. I might add here the evidence is overwhelming that the purchase of such private health insurance under such a financial arrangement would cost much less and purchase far more coverage than can ever be purchased with the money to be taken from our people under the medicare program.

The costs of such coverage would be borne entirely by the Government for these elderly individuals whose income falls below limits set by each State. For individuals with incomes between the minimum and the maximum, the Government would pay a part of the costs on a sliding scale according to income. Individuals with income above the maximum would pay the entire cost of the insurance, but would have the benefit of an income tax deduction for such payments.

No pauper's oath is required under this program. Under eldercare a simple statement of income is all that would be required for someone over 65 to establish his qualification for participation. Income statements to establish eligibility for benefits is not foreign to the social security program. Such conditions have been an integral part of the social security system since its inception. There is ample precedent. The bill before us even modifies the earnings limitation for eligibility for cash benefits. I know of no movement to completely eliminate the earnings test on cash benefits, and I would not support such a movement. I have supported and will continue to support reasonable measures to liberalize the earnings test, but I do not believe they should be completely eliminated. The medicare proposal eliminates all tests, whether "means" or "income," for eligibility of our aged persons for health benefits. The income test serves a useful purpose—it prevents the squandering of financial resources on those who can well afford to take care of their own health needs, thereby preserving these resources to assist those who truly need help.

The eldercare plan would also preserve our private insurance initiative in this country. More than 60 percent of our aged now purchase hospital and medical insurance, without Government assistance. We should not ignore this individual effort, particularly since it has increased year after year.

But more importantly, eldercare would not have irrevocably committed us to a program that can never be abandoned, and which, if pursued, can only lead to socialized medicine, as medicare does. Unfortunately, the Finance Committee was never given an opportunity to consider this measure, and as it now looks, neither the committee nor the Senate will ever have an opportunity to consider it.

One final comment, and I shall conclude this statement. In recent months we have heard much about polls. Many Senators are carrying around the latest polling results in their pockets. The only direct poll that I have is a count of my mail on the subject.

I have received 1,300 letters and other communications on medicare. Of that number 1,253 expressed opposition to it, while only 47 approved the measure. This is a final tabulation made as of July 7, 1965, and includes only mail received during 1965: 1,253 against, 47 for. That is a pretty strong indication of the sentiment of the people of Colorado and how they feel about the medicare proposal. Seldom have I ever received mail on a controversial subject that has been so lopsided. For every letter I received in favor of medicare, I received nearly 27 in opposition to it.

We are being led down the primrose path with a slogan—and the slogan is "Medicare." It does not matter how inadvisable, it does not matter how crackpot it is, we are being taken down the path with the slogan "Medicare," and I use the word "taken" advisedly.

If this is an accurate sampling, and I have no way of proving it absolutely, it would indicate that 96 percent of the people of Colorado oppose medicare, while only 4 percent favor it. However, the overwhelming opposition to the medicare program and a correspondingly overwhelming support of the eldercare program is also supported by a poll conducted by Research Services, Inc., of Denver, Colo.

This is no recent organization which has sprung out of the ground. It is a very respected organization, which has been carrying on its activities for at least 20 years, to my knowledge.

Taken together, these two indications of the opinions of the people of Colorado show that the people of Colorado do not want medicare, and that they would prefer another type of program. They do not want anything which embodies the principles of medicare. They know it is wrong, even if we in the Senate and in the Congress, and the President do not know it is wrong.

With this consensus apparent, I must oppose this measure, for I have never seen any poll which indicates any similar degree of support for medicare. In any event, the people of Colorado have told me they do not want medicare.

Mr. President, I ask unanimous consent that a summary of the Research Services poll be printed in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

KERR-MILLS

Two of three (66 percent) Coloradans are unaware of any existing plan "to provide medical care for persons 65 years of age or older."

Less than 1 in 10 (7 percent) specifically identify either Kerr-Mills or the Medical Assistance Act.

MEDICARE

In contrast, most (86 percent) of the State's adult residents have "heard or read about medicare." While nearly half (43 percent) of these don't know what medical costs medicare promises to cover—

Fifty-two percent believe medicare would cover all or most hospital costs.

Forty-three percent believe medicare would cover all or most doctors bills.

Thirty-two percent believe medicare would cover all or most nursing home costs.

Thirty-one percent believe medicare would cover all or most doctors' bills.

No more than 1 in 10 anticipate that medicare would pay for eyeglasses (10 percent), false teeth (8 percent), or hearing aids (8 percent).

There is generally broad understanding that medicare would be paid for by either social security taxes, the people, or the Government.

Those familiar with medicare describe themselves as "definitely approving" (25 percent) or "inclined to approve" (28 percent) the proposal. Fewer than 2 in 10 (17 percent) "definitely oppose."

Support for medicare stems largely from the sentiment that "older people need help and we must do all we can."

Opponents express a distaste for "socialized medicine" and a concern for the probable cost of the program.

OTHER MEDICAL PLANS

At the time of this survey only three Coloradans in every hundred exhibited any familiarity with a plan for the medical care of persons 65 years of age or older proposed by doctors or the American Medical Association.

COMPARATIVE PLAN PROVISIONS

Direct comparison of nine specific provisions contained in the respective AMA and medicare proposals shows—in each instance—a statewide preference for the AMA alternatives, especially those relating to benefits, financial need, institutional choice, individual choice, mode of payment and choice of protection agent.

BENEFITS

AMA: A plan that will pay most (in some cases, all) normal doctor, hospital, nursing home, and drug costs, 85 percent.

(Medicare: a plan that will pay no doctors' bills and no more than one-third of hospital, nursing home, and drug costs, 5 percent.

FINANCIAL NEED

AMA: a plan that covers everyone 65 years of age or older who needs financial assistance, 77 percent.

Medicare: a plan that covers everyone 65 years of age or older regardless of income, 18 percent.

INSTITUTIONAL CHOICE

AMA: a plan that allows persons 65 years of age or older to go to any hospital or nursing home they choose, 75 percent.

Medicare: a plan that specifies certain hospitals and nursing homes for the care of persons 65 years of age or older, 18 percent.

INDIVIDUAL CHOICE

AMA: a plan that provide coverage for everyone over 65 that wants it, 69 percent.

Medicare: a plan that automatically covers everyone over 65, 21 percent.

MODE OF PAYMENT

AMA: a plan based on the ability to pay so that, for example, an individual 65 years of age or older with an income of less than $3,000 a year pays nothing, 65 percent.

Medicare: a plan that is paid for by a new tax taken from the paycheck of every wage earner, 19 percent.

CHOICE OF PROTECTION AGENTS

AMA: A plan that allows persons 65 years of age or older to have their medical insurance with any company they choose, 64 percent.

Medicare: A plan that gives persons 65 years of age or older only Government-sponsored benefits, 24 percent.

INCOME REVELATION

AMA: A plan that requires individuals 65 years of age or older to sign a statement telling the amount of earnings they have reported on their Federal income tax, 52 percent.

Medicare: A plan that requires no one 65 years of age or older, regardless of income, to tell what their income is, 33 percent.

PLAN MANAGEMENT

AMA: A plan that is run by State governments in cooperation with private insurance companies, 46 percent.

Medicare: A plan that is run entirely by the Federal Government, 33 percent.

DEPARTMENT CONTROL

AMA: A plan for individuals 65 years of age or older that is run by the State health department, 50 percent.

Medicare: A plan for individuals 65 years of age or older that is run by the State welfare department, 16 percent.

Significantly, even those respondents who in the early stages of the questionnaire expressed themselves as "definitely approving" or "inclined to approve" medicare endorse eight of the nine AMA provisions.

The lone exception is plan management. Slightly more than half (51 percent) of the medicare proponents indicate a preference for "a plan that is entirely run by the Federal Government."

PLAN PREFERENCE

When the specific provisions detailed above were grouped together under the titles "Plan 1" and "Plan 2," Coloradans voiced an overwhelming (79 to 9 percent) preference for plan 2, the American Medical Association proposal.

Examination of 31 separate sample groups (age, sex, income, political party preference, labor union membership, old-age pension assistance, etc.) shows that the lowest level of support for plan 2 (70 percent) is in Denver while the strongest backing (86 percent) is in Congressional District No. 4 (western slope and northern Colorado).

More than 8 of 10 (82 percent) of those earlier endorsing medicare choose plan 2 when asked: "Which of these plans do you think of as really being the best from your own point of view?"

## SOCIAL SECURITY AMENDMENTS OF 1965

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. MORSE. Mr. President, because of the unanimous-consent agreement entered into earlier this evening, the time limitation will not make it possible for me to make my major address on the medicare bill tomorrow. Therefore, I shall do it tonight—and I hope as quickly as possible—for it is a matter which I wish to have in the RECORD for future reference.

Mr. President, I ask unanimous consent to have printed in the RECORD at the end of my speech an article written by a doctor from my own State, Walter A. Noehren, entitled "Now is the Time—a Proposal Concerning Prepayment Medical Care."

I also ask unanimous consent that a sheet headed "Reference No. 1a," from a debate manual written fro Sandy High School debate team 1964 be printed in the RECORD along with the article to which I have just referred.

I ask unanimous consent that at the same place in the RECORD there be printed another article entitled "Special Article—Medical Care for Everyman—a Proposal," written by Dr. Walter A. Noehren and Jack R. Hegrenes, Jr., in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, I have confererred with Dr. Noehren over the years many times. We have not seen eye to eye in regard to medicare. I have sought to be of help to him, and he has sought to be of help to me as we have tried to clarify our respective thinking in regard to the subject matter.

In fairness to him, it should be said that he is very much opposed to the bill now pending before the Senate—which I shall vote for, because I believe that it represents a great step forward, that it is in keeping with the teaching of the Good Samaritan, and that it is a bill which seeks to put into legislative enactment the principles of Golden Rule.

The pending bill carries out what I have stated so many times is one of our primary obligations as Members of Congress; namely, to work for legislation which will promote the general welfare of all the people, and not permit the selfish interests of any group with our citizenry to prevent the passage of legislation which as a matter of public policy all the people are entitled to have enacted in their best interests.

Nevertheless, I thank Dr. Noehren for his sincerity of purpose, and for his sincere attempts to win me over to his point of view.

However, I believe that the preponderance of the evidence is clearly against him, and, therefore, tomorrow I shall vote with no hesitation for the medicare bill.

Mr. President, in 1958, I introduced the first Senate companion bill to what was known as the Forand bill, providing insurance under social security for certain medical expenses of people 65 and over.

How well I remember the day on which I offered that bill, because I stood alone; but, as Members of the Senate started to contemplate the import of the bill, I gained some support. That support has snowballed. To show what can happen in a 9-year period, we are now about to witness the basic principles of the Forand bill, which was introduced in the House and introduced by me as a companion bill in the Senate finally being adopted and enacted into law.

Since then, the Forand bill gained steady support among the American people. It was revised as to its coverage of expenses and individuals and, in fact, has been revised and amended many times.

But the principle of the bill has remained, and today we are taking one of the final steps toward its enactment into law. It would be hard to find a better example of the necessity, in a democratic system, for new ideas to be offered and discussed, voted on, revised, and debated, until the public is familiar with them and is afforded an opportunity either to accept them or reject them. It has taken approximately 7 years for the Forand bill to be enacted. That is about average for a proposal that breaks as much new ground as this one does. It takes time for politicians to be counted on a given issue, for the voters then to pass upon the judgment exercised by the politicians. Yes, medicare became a political issue. But that is how nearly all changes come about in a political democracy. Before they can succeed, they must first be expounded by the few in order to convince the many.

Now we are very close to achieving success with this measure. I shall always cherish the contribution I made to medicare when it was still in its political infancy, meaning when it was supported by only a small minority of Representatives and Senators.

I believe that the public and most Members of the Congress are persuaded that medicare's benefits are both rational and meaningful in terms of the needs of the elderly. I believe that the public and most Members of the Congress are persuaded that the financing of the program is sound and equitable.

But, I also believe that there is another aspect to this program—apart from meaningful benefits and sound financing—whose implications and opportunities merit the most careful consideration. We have a duty to see to it that the administrative mechanisms employed in implementing medicare are completely consistent with the "public interest" and the principles of public responsibility.

Obviously, to the extent that the administrative functions of medicare are rendered by Federal, State, and local governmental agencies, the overriding public interest is well served. Conflicts of interest may arise, however, where administrative responsibilities may be delegated or assigned by the Secretary of Health, Education, and Welfare to nonpublic agencies. These are nongovernmental agencies whose basic commitment is not to the beneficiaries of the program but to whom medicare is an incidental, profitable, and subordinate supplement to other business.

My concern with the need for properly focused and oriented public administration and accountability lies primarily with the administrative arrangements authorized under part A, the basic medicare portion of H.R. 6675.

The Social Security Administration will have overall responsibility for the program. That agency would maintain records of eligibility; notify providers of services of the status of persons eligible under the program; issue identification cards, answer inquiries, etc. In other words, social security would perform the central recordkeeping function along with its other responsibilities.

It has been suggested that a private agency or agencies such as Blue Cross should control the data-processing equipment, records, and eligibility-determination process in order to insulate the providers of services from direct dealings with Government. The means suggested to attain this goal are, however, incompatible with efficient and economical administration in the public interest.

The size of the investment required to establish a proper system and the need to coordinate the various uses of the computers employed, make it imperative that the datakeeping equipment and operation be handled by the Federal Government. It is only under such auspices that the various agencies concerned with the program—such as the Social Security Administration, and the Public Health Service, including the National Institutes of Health—can obtain the kinds of information they need to fulfill their responsibilities. These new responsibilities include administration of a complex set of benefits, deductibles and coinsurance features, and benefit ceilings that may require repeated determinations of eligibility. At the same time a vast amount of epidemiological,

morbidity, and costs information will be available. Responsible public agencies must have quick and unfiltered access to these data so that they may have a continuous check on their efforts and thus assure economical and efficient operation of the program.

Other agencies, public and private might be given access to the data in the central information system. But access should not be confused with direction and operation which should absolutely remain in public hands.

Present computer technology is such that local community computer stations can be tied in electronically with a central system. This arrangement would permit State health departments and other agencies to feed information into the system and to obtain answers relating to eligibility, costs, utilization, and so forth. Current technology thus facilitates the attainment of two desirable goals: Ample means of public officials to oversee the operation of the system, and a decentralized program.

Federal direction of the recordkeeping function is absolutely necessary if maximum benefit is to be obtained from the multiple-use possibilities of computer systems. Federal operation provides the opportunity to establish an information system which would benefit all our citizens and all of the groups concerned with health services rather than functioning largely as the private preserve of a select group or private monopoly.

With regard to other administrative functions under part A, the bill requires the Secretary of HEW to use appropriate State and local public agencies in determining whether providers of services—such as hospitals and nursing homes—meet the requirements for participation in the program. Then, the providers of services may nominate an agent to serve as fiscal intermediary between themselves and the Federal Government. Undoubtedly, Blue Cross plans would be elected as intermediaries in most areas. This would be an entirely appropriate role for Blue Cross which is essentially a creature and instrumentality of the hospitals. But, Mr. President, there are a substantial number of administrative functions necessary in addition to those to which I have referred. Auditing of hospital costs, utilization review, consultative services to providers to assist them to maintain appropriate records and otherwise to qualify, and service as a channel of communication between the Secretary and the providers, are among these additional administrative tasks. The bill, however, assigns performance of these functions to a no-man's land. Nominally, they are the province of the Department of Health, Education, and Welfare. As a practical matter, it is anticipated that they will be delegated or assigned by the Secretary to private or public agencies such as Blue Cross or State health departments.

Mr. President, to the extent that any administrative functions are delegated or assigned, I urge the Secretary, and I am quite sure that many of my colleagues join with me in this statement, to give unequivocal preference to State and local public health agencies willing and capable of performing such functions.

There are at least two solid reasons why State and local health agencies should receive preference in any assignment of administrative responsibility. First. The requirements of public responsibility and public accountability in a program financed with tax funds would be met. The New York Academy of Medicine, a distinguished organization of some 2,000 physicians, articulated this point succinctly in a recent policy statement which said:

> When Federal and/or State and local tax funds are available for purchase of health care, whether for public assistance, social security or other categories or public program beneficiaries, it is the official health agencies, and the official health agencies alone, to which should be delegated responsibility for the administration of such funds. The official health agency is the only unit of Government that can coordinate all governmental health programs and combine public responsibility and accountability and the other functions of public administration with the professional skills, concern, and consultation required for setting standards, and for continuous evaluation of program quality and effectiveness.

Use of State and local health agencies would serve to sharpen their skills and develop their expertise—all of which would benefit the total population and not solely the elderly. This position is consistent with the policy of the highly respected American Public Health Association which urges "that public health departments and personnel within State and local health departments be utilized wherever possible to constantly increase and elevate the quality of health care provided to the citizens of this Nation."

The second reason for giving preference to State and local health agencies in all cases where administrative functions are to be delegated, is avoidance of conflict of interest issues.

As a practical matter, the principal competitor vying with the State and local health departments for these administrative functions is Blue Cross. Blue Cross has testified before both the Finance Committee and Ways and Means Committee as to its very keen—almost hungry—interest in the administration of the program.

As I have indicated, Blue Cross is essentially a creature of the hospitals. The American Hospital Association owns and franchises use of the Blue Cross symbol, and sets the standards which must be met by Blue Cross plans. The majority of Blue Cross plan directors are either directly or indirectly affiliated with hospitals. Thus, while Blue Cross can legitimately serve as the agent of the hospitals in dealing with the Government, it cannot possibly serve as the agent of the Government. Blue Cross simply cannot meet the requirement that it "deal at arm's length." Further, Blue Cross plans may be affected by the amount of payments under the Government program—the larger the medicare payment the less the cost that might have to be met by Blue Cross. For example, hospitals incur substantial expense whether a hospital bed is occupied or not. A portion of the cost of maintaining unused hospital beds is passed on to Blue Cross. Thus, if Blue Cross were assigned responsibility for utilization review, it might be advantageous to approve overlong hospital stays by beneficiaries of medicare as a means of reducing its own cost for unused beds.

There are other conflicts of interest involved in use of Blue Cross as other than the fiscal agent of the hospitals. But, there is something almost as serious arguing against all but the most limited usage of that organization.

Blue Cross is simply nothing more than a fair weather friend of medicare. The irresistible perfume which drew Blue Cross nigh consisted of the heady scent of dollars and power.

Consider, for example, Blue Cross's behavior in 1962. During the height of Senate debate on the King-Anderson bill, Blue Cross issued a press release rejecting and denouncing the bill. A press release which, by the way, was quoted extensively on the Senate floor. Blue Cross said that the 1962 bill was unacceptable for three reasons: first, that the program did not include an income test for eligibility; second, that the benefits were not stated in broad categories; and third, "that the Government's relations with Blue Cross were not on an underwriting basis."

Mr. President, not a single one of those three Blue Cross conditions is met in the bill we are now considering and should not be in the bill. Blue Cross was dead wrong in 1962. In my judgment, its opposition to medicare, its propaganda against medicare, its lobbying against medicare in the past does not qualify it, may I say to the Secretary of Health, Education, and Welfare, for being used in connection with the use that it wants now to apply for. Yet, Blue Cross is suddenly friend to "medicare." Mr. President, I believe that the "friendship" of Blue Cross for medicare today is as specious as its negative arguments of 1962.

The year 1962 was an interesting one for Blue Cross and medicare. In the fall of that year, Blue Cross undertook a massive national advertising campaign promising the elderly new programs of hospital insurance. That, too, was a specious effort. And it was an effort which took place curiously enough during the height of an election campaign. The Senator from New Jersey [Mr. WILLIAMS] thoroughly exposed this rather shoddy affair in a well documented and detailed speech on October 11, 1962.

Mr. President, I think it is crystal clear that a purely public program such as part A of medicare must be administered to the greatest extent possible by public agencies at the Federal, State, and local levels. Preference should be given in every instance to public agencies willing and capable of performing necessary administrative functions.

Mr. President, finally I should like to say tonight that I voted today in opposition to certain amendments that were offered on the floor of the Senate to the medicare bill. The titles of those amendments were very enticing. In my

judgment, the bill was not an appropriate vehicles to hitch them to.

I have no doubt that there will be some in the country who are not familiar with the nature of the debate today who will form their judgments on the basis of the titles of those bills. Senators must expect to have it said that we voted against this or that proposal for improvement of social security.

The position that I took was that we should not jeopardize medicare in a conference with the House. We should take to the House a bill that limits itself very much to medicare issue. I yield to no one in the Senate or in the House or in the country in my belief that the Social Security Act itself needs to be overhauled and revised by some needed amendments. I happen to believe that those amendments ought to be considered separate and distinct from medicare.

I happen to believe that we cannot justify the low social security payments that are being given to those who retire on social security, for those payments cannot maintain the individual or his dependents in health and decency. My record shows that for years I have either cosponsored or offered amendments that seek to improve the payments under the Social Security Act. A few years ago I joined with the great Senator from New York, Mr. Herbert Lehman, in the major reforms that he advocated to social security. Few have been adopted, and we have many more to adopt. But I say to the people of my State and to the country that I believe we ought to handle the improvement of social security payments by way of a separate and independent bill dealing with the Social Security Act itself, and not use the medicare really as a vehicle to which we attach, as a rider so-called reforms on social security.

We ought to have hearings on a set of proposed amendments to the Social Security Act, and when those amendments come before the Senate, the senior Senator from Oregon will be speaking in their support and voting for them.

EXHIBIT 1

REFERENCE NO. 1: NOW IS THE TIME—A PROPOSAL CONCERNING PREPAYMENT MEDICAL CARE

(By Walter A. Noehren, M.D., Vancouver, Wash.)

(NOTE.—The following article was written and published in 1947. At that time prepayment health insurance, even though endorsed by the AMA, was as yet not well accepted. Hence a program of compulsory prepayment insurance was recommended to force the pattern, to make it economically feasible. Today—1965—this pattern is more fully developed, so that now it would not be necessary to require compulsion (the Journal of Pediatrics, Vol. 31, No. 6—December 1947—pp. 704–709).)

The development of a medical care program in this country has made considerable progress in the past decade. Progress is too slow however, and we are constantly threatened by possible revolutionary changes in medical care such as proposed in some of the present bills before Congress. It is clear that a change will come that the time is short. It is disappointing to realize that the American Medical Association has fallen into the role of conservative moderator in this problem. The present attempts to provide care by voluntary prepayment plans cannot solve many of the basic aspects of the problem. The present American Medical Association program (1) will not reach low or indigent income groups, (2) will not give complete care, (3) is proving inefficient, (4) does not pay the full cost of hospitalization, (5) is not creating adequate facilities, (6) does not support research, and (7) is not reaching rural and sparsely populated areas.

The American Medical Association, if it wishes to control medical practice in this country, as it certainly does and as is proper, should develop a more comprehensive approach to the problem now. A step forward must be found which will further progress, yet which will allow physicians and patients their proper relationships. The following proposal suggests one possible method of accomplishing this. The proposal is:

That each individual in the country would be required by law to pay, each year, a sum adequate for his complete medical care. He would pay this to a prepayment medical care plan which exists in his area and which is properly incorporated as a nonprofit organization. Those unable to pay such a fee would apply for payment in whole or in part of this fee by government to a medical care plan selected by the individual. These latter persons would be, for the most part, those who are now receiving government care through welfare agencies, but might include also the very low income groups. Evidence that such payment had been made for the current year would be required by the Bureau of Internal Revenue at the time of income tax declaration. Government agencies would not directly handle funds except for those unable to pay. This method or required prepayment would be roughly comparable to preset methods of payment of automobile liability insurance in States where such insurance is required by law.

The laws of incorporation for prepayment plans would be broad enough to allow all of the forms of prepayment plans which now exist except for those which are run for profit. Such plans would include: (1) those of the medical societies, which are a form of producer cooperative; (2) those run by physician groups but not necessarily under medical society sponsorship; (3) those of nonprofit corporations or foundations; and (4) those which are consumer cooperatives. All of these types exist at the present time, and in some areas there is already a wide choice available between various prepayment plans, although almost none offer complete care. The plans should necessarily, to accomplish their full purpose, cover all aspects of medical care including hospitalization.

Under such a proposal, the total amount of money spent in this country for medical care would be only as much more as would be required to produce the extension of care which is demanded by modern standards. That modern medical care should be available now to all people is beyond question. Each individual would have to pay his annual fee, which would be sizable, but he would derive manifest benefits in return. Many people have already chosen to pay a portion of this fee voluntarily and would welcome the increased efficiency which would result from extension of the insurance principle to the entire population. The private practice of medicine would continue as at present and any person could seek private care at any time with the exception that he could not seek such care from physicians on the panel of his chosen prepayment plan. He could seek such care from physicians on the panels of other plans, or from physicians who would wish to do private practice only. The only fundamental change which would occur in medical practice would be that fewer patients would seek private care since they would have prepayment care by a physician group of their own choosing available to them. The American Medical Association has already endorsed this principle, however, and no other group, except profit groups, could object to such a change. There should be general agreement that medical care should never be conducted with a profit motive. Certainly an intermediary third party, even in the form of an insurance carrier, should never profit from medical care.

Should such a proposal as this be effected, a variety of changes would occur in the present management of medical care. It would seem that the whole evolution would favor the medical profession immensely.

The present wishful thinking about preserving the individual physician as an isolated practitioner would immediately cease, and the medical profession would have to cooperate among themselves in the necessity of proving their contention that medical care should be administered by physicians and not by lay individuals or by government. Because of the complexity and specialization in modern medical care, it is becoming clear that a physician can no longer practice as an isolated individual. Even the general practitioner is becoming a highly trained specialist who must have ready access to experts in a wide variety of fields to give his patients adequate care. He cannot practice alone, but must be a part of a group. Such a group can be as small as 5 or 10 men, or it can be considerably larger. It can be closely organized, or can be a more loose relationship. The medical societies themselves, which exist as county units, are essentially groups, and when such societies sponsor prepayment plans, the physicians on the panels of the plans are working as groups. Failure to realize this fully has been the major fault of the medical society prepayment health plans, for in these plans the physicians are often selfish in the use of prepayment funds.

A physician may order laboratory studies or prescribe therapy which is extravagant and even of questionable value to the patient, or he may see a patient more often than is necessary, and thus use up funds needed for the care of other sick patients. He is thinking in terms of his individual patient and of his individual fee for service without giving proper recognition to the fact that he is one of a group of physicians attempting to provide care to a larger group of patients. The result of this has been an inefficiency which has made it necessary for the medical society prepayment plans either to charge higher fees or to reduce their coverage to the point where the plans have value only for serious or emergency illness.

All of the physicians on the panel of any prepayment plan must work together as a group so that they can give care where it has real value. This may seem to be compromising the judgment of the individual physician toward his individual patient, but this same compromise always exists in the patient-doctor relationship, except in the treatment of the very wealthy. In private practice, the physician cannot order laboratory studies or hospitalization at will, because patients are often unable to pay for these, or because there would be no money left to pay the physician's fee. Medical care is very costly at best, and must be given with economy. Under whatever system, voluntary or compulsory, the medical societies must fully realize this point before prepayment care can succeed. In addition, a considerable education of the general public is required, for many patients attempt to misuse prepayment, largely through misunderstanding. Patients must be reasonable in requests for care, and they must be educated in this reasonableness by the medical profession.

Among the outstanding medical groups in the country are the medical school faculties.

A few of these at present are developing participation in prepayment plans. Many others are talking about doing so. The university groups today are faced with problems which will need solution soon. Because of diminishing income from endowments, there is a real need for more money. Because of dependence on indigent patients for teaching material, there is need for more patients in periods of prosperity such as was experienced during the war, and which we all hope may be achieved in peacetime. Under a plan of required membership in prepayment plans, as suggested, the university physician groups could organize as prepayment groups and because of their great prestige, would attract a large patient clientele. They would actually tend to dominate the practice in some areas. This would be proper and in keeping with their excellence. Each might be part of a medical society plan, or might compete with a medical society plan. In any event, the university groups would receive a large income from their work, and would have an increased patient load consisting of patients who, by their joining a university plan, would have expressed their willingness to be used for teaching purposes. It has been well shown that most people do not object to this, but recognize its advantages to them as patients. Students and physicians in training would then deal with patients on a proper level.

The present county, city, and charity hospitals would change their status completely under the proposed plan of required prepayment insurance. These facilities would become, in fact, private hospitals and would accept staffs suitable to their board of directors. There would no longer be the charity or welfare patient, which would be a blessing for all concerned. The inadequate care which patients now receive in many isolated and understaffed county hospitals would be improved because of increased physician economic interest in these patients.

Under a plan of required membership in prepayment plans, as proposed, no physician group would ever be able to relax in its efforts to do good work. The public in the course of time will be an even better judge of medical care, and will express this judgment in its choice of prepayment plan. Monopolization of prepayment would be very unlikely, since groups as small as 10 men would be able to form prepayment plans and could effectively compete in the field. Smaller groups would have to refer some of their more specialized work, such as neurosurgery, to larger centers and would pay fee for service for such work.

The individual patient could be given the privilege of changing groups, but he should not be allowed to do so more than once in given period of time without special justification. To shop from doctor to doctor is poor and an extravagant way to seek medical care. This shopping about is too frequently indulged in under present medical society plans.

The supplementary use of private consultants would occur and has been experienced under some of the already existing prepayment plans, where it fills an excellent role. Occasionally, in case of serious illness, the patient or his family feels the desire for further opinion. The group caring for the patient under prepayment considers the care already being received completely adequate, but does not object to further opinion. The family, having no expense for the illness, since it has been provided for under prepayment, is able to afford even sizable consultant fees. The consultant is called in and the situation benefits from this added, though usually unnecessary, opinion.

The phrases "freedom of choice of physician" and "fee-for-service," concerning which many physicians argue vehemently in current discussions of medical care, would be properly tested under such a plan as the one proposed. "Freedom of choice" is at best a relative thing and must be understood in its relationships to the number of physicians in an area, proper training for various specialized functions, ability of patients to choose a proper physician, and ability to pay. Certainly as much "freedom of choice" as can be obtained is desirable. Under present circumstances, a large portion of the population has exceedingly limited choice and many have no choice. It is a challenge directly to the medical profession to improve this situation both by making this freedom truly available and by educating the public to the ability to choose.

Under this proposed plan of required insurance, each person would be able to choose a group, and even to choose a "family doctor" by selecting a prepayment group which would make a physician of his choosing available to him. The individual would further be able to change his group at least once in a time period, and he could always seek private care at his own cost. What further "freedom of choice" the medical profession would desire for their patients, they would have to provide and prove valid in group competition. It would not be possible to make allowance for extravagant misuse of "freedom of choice" and "fee for service" by cutting back coverage or by other schemes such as indemnity plans, since complete coverage at proper overall fee would be required of them. What the proper overall fee would be, could be determined accurately in the course of time by the competition between the various prepayment groups, and could be controlled properly by the medical profession. The profession's chance of achieving this proper income level may well depend on its ability to produce a real solution to the medical care problem before some revolutionary and irrevocable scheme is hoisted upon it.

Under the proposed plan of required prepayment insurance, the status of various types of hospital administration would not have to change at first, but one would expect an evolution of ownership and directorship of hospitals by the prepayment corporations which would give the advantage of increased efficiency with closer control of all hospitals by physicians. The fact that hospitals would be controlled by specific groups would not mean that other physicians need be excluded any more than under present methods of hospital control. The Permanente Foundation hospitals for example, which are run by physician groups who give prepayment care, are open staff hospitals and are used by other physicians of the areas for private patients. All physicians associated with prepayment groups would automatically have proper hospital relationships and privileges. This would directly solve the difficulties of the general practitioners who would realize their full importance in prepayment care.

The present status of hospitalization under medical society voluntary prepayment plans contains faults of which many are not aware. Most of the plans are content to extend limited hospital coverage usually under a separate contract with Blue Cross. The medical profession prefers to concern itself only with medical practice and is happy to have someone else worry about hospitalization. Even now, 70 percent of the hospital beds in this country are in government control yet medical care and hospitalization are inseparable by modern standards and both should be controlled properly by the medical profession. The particular fault of present hospitalization insurance it that it is not adequate to pay for what it attempts to provide, since it depends on private patient income, on hospital endowments, and on government funds to pay much of the costs. If voluntary prepayment succeeds as well as the American Medical Association hopes it will, the private-patient hospital income will diminish. Endowment is becoming increasingly scarce. Government subsidy of hospitalization must then become increasingly important. New facilities will be created only with government help. This phase of medical care can become as unhappily involved in politics as can the practice of medicine itself, and it can interfere considerably with the practice. In its attempts to preserve its own dignity, why does the medical profession lean so heavily in this respect on government and on Blue Cross, a lay corporation? The unity of medical practice and hospitalization must be realized.

Under the proposed plan of required prepayment insurance there would be no excuse for further extension of public health administration into general medical care, and in some fields already invaded, this work could revert back to the practicing physicians where it belongs. Public health administration should continue more or less as it now exists, but should be made available in all areas. All problems of clinical medicine, however, should be handled by the practicing physicians. The public health authority should limit its activity to such work as study of epidemiologic data, enforcement of therapy as prescribed by law, sanitation, pest control, and the like. A closer unity of purpose could be achieved in public health since the health authorities would be dealing with physician groups rather than with a large number of individual physicians. Reporting of infectious disease, poorly done by individual physicians, could be accomplished better through groups. Economic want would never interfere with adequate therapy. The medical profession should welcome a means of stopping the broadening powers of the public health authority, and the public health authority should be happy to be able to administer an effective program without the need to indulge in actual medical care. In a few specialized fields now well established, it might be desirable to continue government administration, as in tuberculosis and in mental illness.

The care of veterans, under the proposed plan could be accomplished by having the Government pay the prepayment fee for nonservice connected care of the veterans to a physician group of the veteran's choosing. Service-connected disabilities could be handled as at present, either in veterans' hospitals or by special contract with practicing physicians. The huge new veterans' hospitals might better be general community hospitals staffed by local physicians rather than by straight Government employees.

Under this proposed plan of required prepayment insurance, the role of Government would be limited even more than it is at present, since all welfare care would be placed back on a patient-physician relationship, Government ownership of hospital facilities would be reduced, and public health authority would be limited. The role of Government would be limited to writing the laws regulating prepayment corporations (as is done under voluntary plans), arbitration of these laws, investigation of individual income as concerns ability to pay for medical care (as is done for income tax and for present welfare care), and distribution of tax-raised funds to medical prepayment corporations, but always to the corporation selected by the individual citizen, free of political pressure. It is difficult to see how a Government bureaucracy could evolve under this type of control, or how politics could have much influence.

The competitive profits motive in practice could be fully maintained, just as in voluntary plans. A large new source of income to

physicians would accrue from the establishment of regular fees for patients now treated for substandard welfare fees or as charity patients.

Should such a proposal be effected, it would not be an irreversible move, but could be discontinued with a return to present status. The final outcome of such a plan would depend almost entirely on the ability of the medical profession to produce good care economically and in a form satisfactory to patients. If the physicians themselves failed in their administrative functions, they would possibly become the servants of consumer cooperatives. It is most likely, however, that consumer cooperatives would fall by the wayside because of their indirectness. Is is proper that medical care should be administered by physicians, not by physicians sitting in regional or national offices, and certainly not by physicians in government employ or in the cabinet, but by the physicians who are doing the actual competitive practice of medicine.

Under a proposal such as this there would be no basic change in the present status of physicians except for their admission that they practice as groups and not alone. They would have all the patients, plenty of money, and the ability to create proper modern facilities in all areas. In sponsoring voluntary prepayment plans, the physicians have already endorsed the group principle. To hope that voluntary prepayment will solve the medical care problem in this country is unrealistic, even if it may seem the lesser of evils. A middle ground of sound principle must be found. It must be endorsed by the medical profession, and it must be soon.

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REFERENCE NO. 1A

From a debate manual written for Sandy High School debate team 1964:

"In a just published book, 'Medical Care in the United States,' Walter J. Lear writes: 'Planning for total medical care is practically nonexistent in government or citizen agencies. And no State or city has a working cooperative relationship among all its health services.' This sort of statement is often expressed. It seems to suggest that what is needed is planning which to most people means administrative design and control or an exterior conformity. But this is not valid, for it fails to understand the inherent administrative, organic nature of medical care. Certainly we need planning, but this must be a creatively conceived design which grows from within and which usually develops best in a pattern of competition.

In medical care, answers must be found from the point of view of the individual patient, the individual doctor, the small community. When these are all satisfied, then the desired pattern will be reached. The point which Mr. Lear has missed is this: that we have almost reached this pattern—we are nearly there. In our private care in America we have reached it. All that remains is to support the low income and the indigent persons so that they can have the same quality and free choice of care as the rest of us. This is best accomplished by support from voluntary funds raised locally, as in United Good Neighbors, and given to qualifying individuals for their own purchase of a prepayment service policy as recommended by their own chosen personal physician.

Also, contrary to Mr. Lear's statement, we have achieved a working cooperative relationship between all health agencies—in Oregon for example. This correlation is achieved by the only person who can possibly do this—the personal physician. This also cannot be learned by looking at care at a national, State, or even at a city level, but by looking at it at the neighborhood community level—about the size of a high school district.

**The personal physician no longer needs to be a "general practitioner" or a "family doctor," but he can also be a specialist who is willing to assume comprehensive concern for the patients under his care. Both the generalist and the specialist need the help of each other and of an array of other doctors and of paramedical helpers; each man working as an individual, and also as a member of an ever changing team.**

Reference 1 ("Now Is the Time") describes a total national compulsory prepayment health care design. Reference Ia (above) describes a purely voluntary local health care design.

These two might seem very dissimilar, but they are the two sides of the same coin. They are both based upon the same basic principles of:

1. Personal health care by mutual free choice of patient and doctor.

2. Direct subsidy to those who need financial help to buy their own care.

The AMA prefers and recommends the purely voluntary local health care design and is hesitant to accept governmental help, especially from the Federal level. It can be seen, however, that if the basic principles of personal care and of direct subsidy to needy individuals can be maintained, it should not matter where the subsidy comes from.

Only through strict adherence to both of these basic principles, however, can real health care be achieved.

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"MEDICAL CARE FOR EVERYMAN"—A PROPOSAL

(By Walter A. Noehren, M.D., and Jack R. Hegrenes, Jr., ACSW)

Resolution 16, introduced to the house of delegates of the American Medical Association in November 1961, and never acted on, is a proposal for the experimental production now of the best possible medical care for the elder citizens of the United States, and for the study of a fundamental method of financing such care. It reads as follows:

"We propose legislation by the Congress of the United States to this effect: that each person whose income is inadequate for the purchase of his own medical care may, upon his voluntary request, and with his eligibility automatically determined by his current income records, obtain assistance from the Federal Government for his own purchase of comprehensive prepayment doctoring in the open, free, competitive market of care."

We believe that if such legislation is recomended to the Congress of the United States by the medical profession of this country, Congress will then have a clear path on which to proceed rapidly. This can then be carried out clearly within the framework of scientific research. If it succeeds, it will not only accomplish the needed care but also produce data of sociologic importance.

PURPOSE

The comprehensiveness of such care will necessarily be limited by the going cost of care in the private market, and by the amount of money Congress will be willing to appropriate. The costs and the effectiveness of care under such a program can be continuously studied by the Congress for periodic evaluation and control.

It is readily apparent that the purpose of resolution 16 is fully in accord with the traditions of the American medical profession, and also with the principles of American democracy as expressed in the Declaration of Independence and the Constitution of the United States.

It has been said, "capitalism is a wonderful theory; it is too bad someone doesn't try it sometime." It is the purpose of resolution 16 to give the theory of capitalism a clear trial in the social area in which it is most possible to achieve a measurable result. It is further our purpose to study, by scientific method, the likelihood that this theory and the Golden Rule are identical, and that this is the social relation that can produce, at the same time, maximal efficiency and maximal freedom for the individual citizen.

It is readily apparent that, to achieve success, resolution 16 will make demands for fine cooperative effort by physicians, hospitals, paramedical personnel, the private insurance industry and all other sectors of the economy, each achieving independently and competitively its necessary function. Basic controls of quality, quantity, and patient satisfaction, it is postulated, will occur automatically within the competitive framework so that governmental or bureaucratic controls, although necessarily outlined by the Congress, will be practically minimal.

The doctors of Puerto Rico are leading the way in this. They have expressed this purpose so clearly that we quote them here in reiteration of our statements above. In a brilliant statement written by Dr. Torres, president of the medical association of Puerto Rico, and signed by physicians of Puerto Rico, the following occurs:

"We are certain that the best physician-patient relationship is that which is based upon the freedom of mutual selection. This principle of freedom of choice is indispensable in guaranteeing the patient the best medical care. Every citizen, regardless of his social or economic position, is entitled to this right.

"The medical profession is against any system whereby medical and hospital services are offered through a monopolistic setup. It is also opposed to any system supported by the imposition of special taxes or quotas upon the people for this sole purpose. Our opposition to such plans, regardless of the name they may be given, is due to the fact that there are other methods of financing medical and hospital services which can solve the health problems of our people with greater efficiency and at a lower cost, while preserving the principle of freedom of choice essential to good quality of care.

"We believe that there is no reason for the continuation of the inequalities of medical care and services received by the different segments of our population, and we insist on the democratization of medical care and services at the fastest possible pace. By democratization of medical care and services we mean the recognition in theory and practice that all human beings are entitled to receive the highest, most efficient, and up to date medical care and services available irrespective of whether they have personally the money to pay for them or not.

"The challenge to accomplish a full democratization of medical care and services is a difficult one and there is no way to make its solution easy.

"We are convinced that the best way to achieve the purpose in which we all agree * * * is through a sensible prepaid voluntary health insurance program in which the insured individuals pay rates according to their incomes.

"We do not believe in compulsory plans because we consider that the individual should exercise a certain degree of personal responsibility in regard to his and his family's health security. A society like ours, which lacks natural riches, has to cultivate the responsibility and effort of the individual to compensate for what the country and its government simply can not give."

HISTORY OF RESOLUTION 16

Resolution 16 originated in the Clackamas County (Oreg.) Medical Society in April 1961. This is a small society (50 members) with a record of 100-percent participation by its physicians for 24 years in the production of outstanding prepayment care. The resolu-

tion was approved unanimously by the Oregon State Medical Society in September 1961. It was first presented to the American Medical Association house of delegates at the Denver midyear meeting in November 1961. At that meeting, and also at the succeeding meeting of the house of delegates in Chicago in June 1962, portions of the resolution were approved, and the resolution as a whole was referred each time for further study by the board of trustees and by the Council on Medical Services. At the Denver meeting, held in November 1961, approval was given to the policy "that any proposed plan of medical care that can provide better medical care more economically should always be given serious consideration by medical associations including experimentation with prepayment under assistance programs." At the Chicago meeting, held in June 1962, approval was given to the following:

"1. The need for the application of the prepayment or insurance principle to protect our people against the costs of medical care is fully recognized and applies to all ages rather than to the aged alone.

"2. See below.

"3. Persons financially able to prepay their own expenses are expected to do so and must be encouraged rather than compelled to do so.

"4. The prepaid system should be devoid of governmental controls.

"5. Dignity and self-sufficiency for the individual should be upheld.

"6. The protection offered must be reasonably comprehensive rather than token in character.

One basic consideration remains, then: to recommend the source of funds to support persons unable to buy their own care, and to recommend practical methods for the implementation of this support. In this, the house of delegates did not yet believe that it could recommend the broad use of general Federal funds, but made the following recommendation: "2. Persons financially unable to prepay adequately their expenses may properly be assisted to the degree necessary by their families, their communities, their States, and if these fail by the Federal Government, but only in conjunction with other levels of government." Resolution 16 differs from this present policy statement in that it recommends that the needed funds be fully from the Federal general fund (equitably collected and equitably distributed, as far as possible, by the Internal Revenue Service).

DISCUSSION

This paper will not enter into any detailed discussion of present methods of financing and their effectiveness. We consider it reasonable to state that, at present, equitable, effective, and adequate financial support of those in need of help has not been accomplished. Progress is being made on State levels in implementing Kerr-Mills legislation for the partial support of elder citizens who need financial help, but, thus far, this has been inequitable, and for the most part inadequate and inefficient.

There are two aspects of resolution 16 to be considered:

URGENCY

Is there any urgency for an immediate better support for those in need of assistance? This is a matter of opinion. If world affairs were more settled, if one could be sure that democracy is understood and admired not only by the free world but also by the Communist countries, certainly one could continue to work toward solution of these problems on local levels. The admitted ideal would be that those in need would be supported by voluntary contributions of family and community, with no need for any governmental money. But this has not occurred. Large sums of State and Federal money are being used at the present time. Present inequities and insufficiencies can certainly be remedied on local levels if each area can somehow show enough interest and ability to bring this about. But progress is very slow for times that move so fast. Too many governmental programs, furthermore, are monopolistic and bureaucratic. They are inefficient and do not allow mutual freedom of choice. Much present care is substandard, with inadequate payment of the producers of care, with the effect that one finds basic inequality, very sharp in many cases, in the medical care and services received by different segments of the population. We believe that all these matters can be corrected literally overnight if sufficient general funds can be made available uniformly throughout the country for the support of those who need help. Present bureaucratic care would be converted to private care. As an added bonus welfare departments would be relieved of the task of arranging for medical care, and caseworkers, in very short supply, would be available to fulfill their proper function in social work.

Although we believe that ideally, and according to American Medical Association policy as stated in June 1962, Resolution 16 should be applied to the entire population, we think that it would be inadvisable and impractical to attempt so large an experiment. Rather, it would be advisable to apply this program in the limited area of elder-citizen care.

SAFETY

Would it be a safe experiment to use Federal general funds for the support of elder citizens who need help for their own purchase of private medical care? Again, this is a matter of opinion. The final answer would await careful study of accurate data. But as a matter of opinion, we believe that it would be very safe. In fact, we believe it would be far safer to try this experiment than to continue the present pattern. We can see no respect in which the proposed use of Federal general funds could cause any serious difficulty. Because of the large amounts of money involved Congress would have to stay on top of the problem at all times. If for any reason, once the program was in effect, this use of Federal funds might prove faulty, it could be discontinued, with a return of responsibility to local levels. Since this would be tried in the limited area of elder-citizen care the support of those in need in the rest of the population would continue as at present, and the two methods of support could be adequately studied side by side. (Allowance would have to be made for the higher cost of elder-citizen care. Comprehensive prepayment care for citizens over 65 years of age costs at present approximately $25 per month.)

The medical profession is justifiably concerned over governmental controls in any program. It is to be emphasized that resolution 16 calls for the use of Federal general funds only for the support of individual citizens in need as determined by income test). Furthermore, it allows each citizen to determine how these funds are to be spent in the purchase of care available in his locality. The only controls necessary would be to protect the citizen against misrepresentation or fraud in what he buys. In areas producing care on a healthy competitive basis practically no enforcement of controls would be required. To prove this point we have excellent data available in the Federal employee health program. This can be considered a model program in many respects. It covers all Federal employees who wish to join (voluntary). The Federal Government pays a portion of the cost as employer. Each employee may chose his own prepayment plan individually from the plans available in his area. In Clackamas County, Oreg., the Federal employee can choose from among 6 plans, including commercial insurance. His best buy is the plan produced locally by the physicians' association as a nonprofit service plan. This plan pays high physicians' fees and still gives the patient a 30 percent better value than the next best competitor. There are controls written into the program, but we have not seen any of these applied during the past year in this area. An excellent description of the Federal employees' health benefits program was given by its director, Mr. Andrew Ruddock, at the Denver meeting of the American Medical Association in November 1961. His concluding statement was: "The Federal employes program offers an unparalleled opportunity to demonstrate that voluntary health care can solve its problems and is here to stay."

SUMMARY

Resolution 16 (November 1961) is a specific proposal for the solution of the socioeconomic problems of contemporary American medical care. We believe that it is practical and safe, and that it is urgently needed. It has been partially approved by the house of delegates of the American Medical Association. It is under continuous study by the association. When fully approved by the house of delegates, it will give the Congress a clear dictate to enact promptly legislation to the following effect: "that each person whose income is inadequate for the purchase of his own medical care may, upon his voluntary request, and with his eligibility automatically determined by his current income records, obtain assistance from the Federal Government for his own purchase of comprehensive prepayment doctoring in the open, free, competitive market of care." Once in effect, experimentally in the area of elder-citizen care, such a program should prove dramatically effective and produce data of general sociologic impotance.

## SOCIAL SECURITY AMENDMENTS OF 1965

The PRESIDENT pro tempore. Under the unanimous-consent agreement, the Senate will resume consideration of the bill (H.R. 6675).

The Senate resumed the consideration of the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PROUTY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BASS in the chair). Without objection, it is so ordered.

Mr. PROUTY. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 10 minutes.

### THE LOST BATTALION

Mr. PROUTY. Mr. President, while we stand here today in this historic Chamber, 2 million of our fellow citizens eke out a precarious existence, borne down by the twin burdens of poverty and age.

Who are these people?

Are they a lost battalion?

Are they enemies of the State, condemned for some transgression against public order?

No, Mr. President, these 2 million Americans are guilty of no misdeed. They are victims of misfortune—the misfortune of having been born too soon to come under the umbrella of social security.

As of the beginning of last year, Mr. President, there were over 11.3 million Americans aged 70 or more. Of these 9.3 million received either social security, civil service retirement, railroad retirement, or State and local pensions. The remainder—2 million of them—did not qualify at all for any of these public pensions.

Many of them, had their health and strength and skills permitted, would have been able to come under social security had they been able to work a few more years. But when they retired from the work force, the act was not broad enough to provide them with even a small retirement income. Today these men and women 70, 80, 90 years old must live from hand to mouth, in many cases not knowing where their next meal is coming from.

The present law, as it stands, requires six quarters of covered employment for an older person to be eligible for social security benefits. The bill now before us would decrease this number of quarters, thus making some 355,000 citizens over 72 eligible for minimum social security assistance coverage.

This is a step in the right direction, but only a tiny and hesitant step. It fails completely to come to grips with the problems faced by the remaining 1,648,000 senior citizens over 70.

My amendment would meet this problem and solve it once and for all. It would blanket into the social security system all Americans over 70 years of age not otherwise eligible for benefits.

For these most needy of the aged, the requirement of so many quarters of covered employment would be eliminated altogether. In the case of those who receive some retirement income under a Federal public pension system, the so-

cial security check would make up only the difference between the social security minimum payment and the total of the recipient's other public pension income.

Mr. President, one of the most embarassing facts about the scope of our social security coverage is a situation which now exists in our neighbor to the north. Canada provides a $75 benefit for every one of its citizens attaining age 70. None of the recipients contribute directly to a trust fund. None of the recipients receive less because of their earnings. None of the recipients must plead poverty. Merely because they have attained age 70 the Government of Canada undertakes to assure them a modest monthly income in their last years.

Compare their approach to the amendment I now propose. I ask only that upon reaching age 70 some of our older Americans who could not obtain social security benefits be allowed the minimum benefit, which, if H.R. 6675 is adopted, would be $44 a month. Unlike the Canadian plan, those over 70 who are now eligible for social security and who have contributed to the system would draw what their earnings entitle them to. The some 1 million people with no public income because of their lack of social security coverage would be blanketed in at $44 per month. The funds for this proposal would come from general revenue so that the integrity of the trust fund would be in no way impaired.

Under this plan the number of beneficiaries decreases from year to year as the number of employees covered by social security increases. We would not be confronted with the ever-increasing dollar cost of the Canadian approach.

Let us not be put to shame by the benevolent farsightedness of our neighbor to the north. Let us recognize the need for this amendment. Let Congress not settle for the deception inherent in the transitional coverage provided for in H.R. 6675.

Section 309 of H.R. 6675 blankets in no one. Eligibles for benefits under that section must have had some quarters of covered employment.

So many of our old people are living on public assistance because they are entitled to no social security.

It is these very people who in all probability could never obtain any quarters of coverage entitling them to the benefit—$35 per month under H.R. 6675.

Implicit in the transitional coverage provisions of that bill is a cruel hoax. Those most in need of some benefits—the oldest members of the community and those who have been away from gainful employment for the longest period—would get nothing unless they had some history of covered employment or, at age 80 or 90 could find some covered employment.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. MUSKIE. I entered the Chamber after the Senator began his speech; I should like to ask him two questions based upon what I have heard him say.

First, his amendment presumably would cover persons who are not now covered by social security but who do receive old age assistance under current programs.

Mr. PROUTY. That is true.

Mr. MUSKIE. What would happen, under the Senator's amendment, to the old-age assistance payments which those people now receive?

Mr. PROUTY. If the States determined that they still should receive old-age assistance, I feel certain no State would bar them from it. There is nothing in my amendment to hamper their old-age assistance in any way.

Mr. MUSKIE. But presumably those payments would have to be rejuvenated by the appropriate State agencies, to determine whether they are needed, considering the circumstances of the individual recipient.

Mr. PROUTY. That would be a matter for the State agency to determine.

Mr. MUSKIE. So in some instances, conceivably, some of the payments would be discontinued and others dropped, while others would possibly be continued.

Mr. PROUTY. In very few instances would there be any significant change; most persons receiving old-age assistance are getting so little at the present time that they barely maintain a subsistence standard of living.

Mr. MUSKIE. Nevertheless, recalling my own service in State government as Governor and as a member of the legislature, old-age assistance grants are based upon formulas of need that are geared to specific budget items that are provided by the program. Unless the formulas of need are changed by State agencies, the addition of the social security income would change the requirements of the individual recipient. Is not that so?

Mr. PROUTY. Conceivably, that could be true; but, I believe that in relatively few instances would that be the case.

The PRESIDING OFFICER. The time yielded to himself by the Senator from Vermont has expired.

Mr. PROUTY. I yield myself an additional 10 minutes. I should explain to the Senator from Maine that I have only one-half hour.

Mr. MUSKIE. I shall ask one other question. I appreciate the pressure of time. The Senator has covered my first point sufficiently to give me some food for thought.

My second question is this: Would the group of which the Senator is speaking become eligible for the social security payments which the Senator's amendment provides, regardless of need?

Mr. PROUTY. That is true.

Mr. MUSKIE. So regardless of income and regardless of resources, the persons in this group would receive benefits.

Mr. PROUTY. I am sure the Senator knows that more than 99 percent will be persons who actually need assistance. Under the present social security program, as the Senator knows, need is not a criterion.

Mr. MUSKIE. The Senator is quite accurate. I merely wanted to be certain what his amendment provided.

Mr. PROUTY. That is true.

Mr. MUSKIE. I thank the Senator for his answers to my questions.

Mr. PROUTY. Make no mistake, Mr. President, the transitional coverage provisions of H.R. 6675 do nothing for the older American who was legislated out of social security coverage altogether. It only applied to those who at some time during their life had some employment covered by social security withholding.

It would do nothing for the thousands of retired teachers whose States participated in the system after their retirement. It would do nothing for those retired people whose jobs were brought under social security after they left work.

The Social Security Act has been amended 11 times since its inception. Many of these amendments have impacted upon eligibility for future benefits. Unless we blanket in all those age 70 and above, we stand a very good chance of doing irreparable harm to those excluded from the operation and benefits of the program through legislative oversight. I can think of no valid reason why we cannot settle this difficult and complex problem with the one easy step I propose rather than going from year to year excluding some portions of our older citizens now and the remainder in subsequent years. In all fairness and equity we ought to once and for all bring wtihin the bounds of this program those for whom the program was intended—older America. The language in H.R. 6675 would not do the job.

I have heard the argument that these people ought not to be eligible for any benefits because they did not contribute to the fund. I remind my colleagues of the gross inequity of legislatively prohibiting a sector of the society from joining and contributing to the system in the 1950's and then continuing this legislative exclusion when it becomes benefit-payment time on the grounds that no contributions were made. Mr. President, how could these people have contributed to the program when the law did not provide for such contributions during their years of employment? In any event, this objection is met because payments are ultimately financed out of general revenues.

I have heard it said that paying these people the minimum benefits would mean that some noncontributory ineligibles would be receiving more than contributory eligibles. May I again remind my colleagues that any one who receives less than the minimum benefit either does so because he or she elects to to take earlier a reduced annuity, or he or she has no earnings record and takes as a relative of the primary beneficiary. Under my plan a person must wait until age 70 to take the minimum benefit. They have no option to take earlier at a reduced annuity. Clearly, the additional 10 years they must wait accounts for more than the actuarial difference.

I have heard it suggested that this plan is too costly, but the hearings before the Finance Committee indicated that it would cost as little as $700 million to blanket all in at age 65. I propose to blanket all in at age 70 which would result in a substantial reduction from this quoted figure.

In a bill of this magnitude the cost of my proposal is wholly insignificant in terms of the equity and justice meted out to those unfortunates shut off from the system. To continue to exclude these people from the minimum coverage could well result in keeping them on the public assistance rolls—a cost we bear in the long run.

If we are sincere in our desires to eradicate poverty, we ought not to be content with a plan which ignores those hardest hit by the ravages of poverty—older America. If we are sincere in our desire to eliminate poverty we ought to wage the war on a forgotten front and fight a good fight for dignity and a decent life for our older citizens.

It is a national disgrace, in my judgment, that we are prepared to fight poverty by spending hundreds of millions to build roads yet are unwilling to build good lives for our old people. It is a national disgrace that we can spend billions to go to the moon but nothing to go across the street with a little bit for food and clothing. It is a national sorrow that we have tarried so long.

Finally, Mr. President, is there something sacrosanct about the medical care portions of this bill Will we walk an extra mile to initiate a new program which blankets in all over 65 for thousands of dollars of medical expenses and then be unwilling to walk a few feet to put $44 into the hands of all aged 70 and over? For this reason alone I would ask for the adoption of this amendment.

The National Association of Retired Teachers and the American Association of Retired Persons wholeheartedly support and endorse this amendment. I can think of no more significant expression of the public voice on this important matter than this unqualified endorsement by 800,000 retired persons.

For those who have retired and died without the benefit of regular monthly checks, it is too late. But for those walking in the twilight between, there is still hope. It lies in the acceptance of this amendment by the Congress of the United States. Let us act now, and not next year or the year after, when it will be too late to provide a little comfort for the thousands who will pass on while we tarry.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I yield 1 hour on the bill to the distinguished senior Senator from Louisiana [Mr. ELLENDER].

The PRESIDING OFFICER. The Chair advises the Senator that only 55 minutes remain.

Mr. LONG of Louisiana. On the bill.

MODIFICATION OF UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended by one-half hour on the bill.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The previous unanimous-consent agreement has been negated, and a new one entered into.

The senior Senator from Louisiana will be recognized for 1 hour.

Mr. ELLENDER. Mr. President, I appreciate very much this consideration on the part of the leadership. Yesterday, I was promised some time to discuss this very complicated bill, very briefly.

I sincerely regret that I cannot see my way clear to vote for the bill in its present form. For the past several years many efforts have been made to adopt the so-called medicare provision.

It will be recalled that in past years attempts were made to attach medicare provisions to social security legislation that was then pending. The Senate voted down virtually all of those attempts. Today we are confronted with a bill that has been so drafted that quite a bit of honey has been placed under the beehive in order to attract the bees.

There are many fine provisions in the bill which I would like to vote for, but since those features are presented to the Senate in conjunction with the so-called medicare provision, I cannot in good conscience vote for the bill.

For example, Mr. President, I would be glad to vote for an increase in the present benefit payments to the aged. I think it is needed. It is long overdue.

It appears to me that in order to get the medicare bill through, the administration has somehow been successful in getting the principle of medicare attached to the social security provisions, which by themselves are very attractive. It is rather difficult for a politician not to vote for them.

I happen to be one of those Senators who will come up for reelection next year. If my position on this bill defeats me, good and well. It is all right. But I have faith in my people, and I do not believe they will take offense because I am standing in the Senate today speaking as I did for many years in the past on the medicare proposal.

The social security program has been highly successful; and I, for one, am not ready to do violence to that great program.

Some statisticians say that the program is already in danger, in that we are beginning to pay out a little more than had been estimated. It is said that at some time in the not too distant future, the trust fund may become so depleted that we will not be able to pay the pensions of those who expect them. These funds have been in the Treasury Department for many years. Little or no interest has been paid on them up to now by the Federal Government. At the moment, I do not remember the amount of the interest owed, but it is quite large.

Mr. President, any time we add to the social security program more and more obligations, even though the trust fund as to the medical program is separate from the trust fund which was created for the pension part of the program, someday in the future the two programs will be joined. Let us not be so naive as to believe that the medicare program will not be increased from year to year to the point that the Government will have to impose more taxes on the little man, or else take the necessary money out of the Treasury. The medicare program is bound to cost hundreds of millions of dollars more than is now being indicated by the proponents of the measure.

A glance at what took place only this year will indicate clearly what is to be expected in the future. When this bill was originally presented in the House of Representatives, it carried a price tag of approximately $4 billion. As it progressed through the Congress, it became more and more expansive and expensive, until the measure before this body today envisions a total cost of over $7 billion, and the Senate has not even completed action on it.

The trust fund which is being created for the medicare program will be treated, as I said, separately from the trust fund created under the original Social Security Act. But, in addition to the funds which are provided in the trust fund, we have a sum from the Treasury Department of approximately $600 million as the Government's share to pay for the insurance program, in order to guarantee services not provided for under the medicare bill.

What are those services?

They are for doctors, radiologists, psychiatrists, and other services of that kind.

It is my belief that many of the laboring people who are for the bill do not know the implications involved, nor do they know what benefits will accrue to citizens 65 years and older.

I dislike to say this, but many sons and daughters whose mothers and fathers are growing old are of the belief that under the pending bill they will be able to get the Government to take care of their older parents, in the event they become ill for long periods of time; they are expecting their parents will be able to receive complete medical attention.

Mr. President, when the bill becomes law—as I know it will, because of the way it has been presented to Congress—and the law begins to operate, the recipients will soon find that it does not provide what they thought.

For example, on page 5 of part I of the bill, the medicare provisions are set out. Hospitalization is limited to 60 days. In order to obtain this hospitalization for the first 60 days, it will be necessary for the recipient to pay $40 in advance. Then, if the patient remains ill for a period longer than 60 days, he may remain another 60 days, but in order for that to be possible, he will have to pay $10 a day for hospitalization.

That may not sound like a large amount of money, but when we consider the millions of indigent older people, it will soon be discovered that the bill does not respond to their requirements and what is expected of the Government.

Mr. President, in the course of my short presentation, I hope to lay before the Senate what the great State of Loui-

siana has been doing in regard to assistance for its poorer citizens, to those below and above 65 years of age. The services rendered to those people are not for 5 weeks or for 2 weeks—although there is a technical 30-day period—but if the doctors who attend such persons indicate that the patient must be hospitalized more than 10 days, more than 30 days, or even for a year, that can be done at no cost to the recipient. The recipient does not pay for the hospitalization, or for the doctor bills, or for the cost of the medicines—as I shall indicate in a few moments.

Under the pending bill, the recipients must provide for the payment of all doctor bills. All that the recipient receives is hospital attention from the regular staff of the hospital. In other words, there will be many interns involved—apprentices in the hospitals of this country who are learning their profession. Insofar as the expenses incurred by the patients are concerned, they will not be charged for that service; but if it is necessary to take X-rays, or do anything other than the ordinary routines performed in a hospital, the inpatients must provide for that in a way different from the hospitalization.

How does that work?

There is in the bill a supplemental insurance plan. In order to facilitate the insurance plan, the recipient must pay, at first, $3 a month. That amount is matched by the Federal Government. Therefore, $6 a month, according to the report, will pay for everything necessary for the recipient of the hospitalization. I ask unanimous consent to place in the RECORD at this point the statement in the report which is found at page 5. It indicates the benefits to be received from hospitalization.

There being no objection, the excerpt from the committee report was ordered to be printed in the RECORD, as follows:

Benefits: The services for which payment would be made under the basic plan include—

(1) inpatient hospital services for up to 120 days in each spell of illness. The patient pays a deductible amount of $40 for the first 60 days plus $10 a day for any days in excess of 60 for each spell of illness; hospital services would include all those ordinarily furnished by a hospital to its inpatients; however, payment would not be made for private duty nursing or for the hospital services of physicians except (1) services provided by interns or residents in training under approved teaching programs; and (2) services of radiologists, anethesiologists, pathologists, and physiastrists where these services are provided under an arrangement with the hospital and are billed through the hospital. Inpatient psychiatric hospital service would also be included, but a lifetime limitation of 210 days would be imposed;

(2) posthospital extended care (in a facility having an arrangement with a hospital for the timely transfer of patients and for furnishing medical information about patients) after the patient is transferred from a hospital (after at least a 3-day stay) for up to 100 days in each spell of illness, but after the first 20 days of care patients will pay $5 a day for the remaining days of extended care in a spell of illness;

(3) outpatient hospital diagnostic services, with the patient paying a $20 deductible amount and a 20 percent coinsurance for each diagnostic study (that is, for diagnostic services furnished to him by the same hospital during a 20-day period); and

(4) posthospital home health services for up to 175 visits, after discharge from a hospital (after at least a 3-day stay) or extended care facility and before the beginning of a new spell of illness. Such a person must be in the care of a physician and under a plan established by a physician within 14 days of discharge calling for such services. These services would include intermittent nursing care, therapy, and the part-time services of a home health aid. The patient must be homebound, except, that when certain equipment is used, the individual could be taken to a hospital or extended care facility or rehabilitation center to receive some of these covered home health services in order to get advantage of the necessary equipment.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to place in the RECORD the statement which appears at page 7 of the committee report, giving a general description of the so-called supplemental insurance plan and the services that are to be made available under it to the recipients in the hospital and out of the hospital.

There being no objection, the excerpt from the committee report was ordered to be printed in the RECORD, as follows:

2. VOLUNTARY SUPPLEMENTARY INSURANCE PLAN

General description: A package of benefits supplementing those provided under the basic plan would be offered to all persons 65 and over on a voluntary basis. Individuals who elect to enroll initially would pay premiums of $3 a month (deducted, where possible, from social security or railroad retirement benefits). The Government would match this premium with $3 paid from general funds. Since the minimum increase in cash social security benefits under the bill for workers retiring or who retired at age 65 or older would be $4 a month ($6 a month for man and wife receiving benefits based on the same earnings record), the benefit increases would fully cover the amount of monthly premiums.

Enrollment: Persons who have reached age 65 before July 1, 1966, will have an opportunity to enroll in an enrollment period which begins April 1, 1966, and shall end on September 30, 1966.

Persons attaining age 65 subsequent to July 1, 1966, will have enrollment periods of 7 months beginning 3 months before the month of attainment of age 65.

In the future, general enrollment periods will be from October 1 to December 31, in each even-numbered year. The first such period will be October 1 to December 31, 1968.

No person may enroll more than 3 years after the close of the first enrollment period in which he could have enrolled.

There will be only one chance to reenroll for persons who are in the plan but drop out, and the reenrollment must occur within 3 years of termination of the previous enrollment.

Coverage may be terminated (1) by the individual filing notice during an enrollment period, or (2) by the Government, for nonpayment of premiums.

A State would be able to provide the supplementary insurance benefits to its public assistance recipients who are receiving cash assistance if it chooses to do so.

Effective date: Benefits will be effective beginning January 1, 1967.

Benefits: The voluntary supplementary insurance plan would cover physicians' services, chiropractic, and podiatrists' services, home health services, and numerous other medical and health services in and out of medical institutions.

There would be an annual deductible of $50. Then the plan would cover 80 percent of the patient's bill (above the deductible) for the following services:

(1) Physicians' and surgeons' services, whether furnished in a hospital, clinic, office, in the home, or elsewhere.

(2) Chiropractors' services.

(3) Podiatrists' services.

(4) Home health service (with no requirement of prior hospitalization) for up to 100 visits during each calendar year.

(5) Diagnostic X-ray and laboratory tests, and other diagnostic tests.

(6) X-ray, radium, and radioactive isotope therapy.

(7) Ambulance services.

(8) Surgical dressings and splints, casts, and other devices for reduction of fractures and dislocations; rental of durable medical equipment such as iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home, prosthetic devices (other devices, other than dental) which replace all or part of an internal body organ; braces and artificial legs, arms, eyes, etc.

There would be a special limitation on outside-the-hospital treatment of mental, psychoneurotic, and personality disorders. Payment for such treatment during any calendar year would be limited, in effect, to $250 or 50 percent of the expenses, whichever is smaller.

Mr. ELLENDER. Mr. President, a Member of Congress would have to be naive indeed to believe that the program of hospitalization can be maintained through the method of financing that is now provided. The method now provided is a tax on the income of the working people.

Today, a very small percentage on the $4,800 maximum income is paid by every employee and every employer, to make up the trust fund, which would become available as benefits to social security recipients after they become 65 years of age. That relates primarily to their pension. A person must reach age 65 before any kind of benefits become available, unless, under amendments which were adopted recently, a person under social security is disabled so that he cannot work. Of course, under another Senate amendment, a smaller benefit will come available to a person reaching age 60, if he so chooses.

Mr. President, not long ago we adopted another amendment to the social security program which I thought was a good one. It provides that a person may pay some money into the trust fund in order to obtain, at the age of 65, or when he becomes totally disabled, a certain stipend, depending on the salary he received before. In that case the trust fund is drawn upon to make these funds available to him.

But, Mr. President, that represented the original fear upon which the social security program was based.

Here we are adding more and more programs which will become very costly to the Government as well as to the taxpayers. When I say taxpayers, I mean those who hold social security cards.

Today they pay on the first $4,800 of their salary. The pending bill raises the base from $4,800 to $6,600, and the rate has been increased.

In the next few years employers and employees under social security will be paying a rate in excess of 10 percent of their earnings up to $6,600.

Anyone who has had experience or who will look into the subject of hospitalization and the paying of doctor bills and nurse's bills, will soon find that the cost is on the increase, and that there

is no possibility of discharging all the costs of the future that will be entailed in the hospitalization program now pending.

What will that mean? It will mean that those holding social security cards will have to pay more and more on a larger base, with an increase in the percentage amount; and then the Federal Government will be compelled to come into the picture in order to meet the excess cost.

I speak from experience. I sat in the Louisiana Legislature for 12 years. I was very much interested in hospitalization. I insisted on creating and establishing State-owned hospitalization in my own State for the poor, for the indigent, for those who are unable to pay the bills.

As I shall indicate in a few moments, the program that we have set up in Louisiana, if carried out by other States in the Union, would mean that we would not need the program of medicare that is now before us. The unfortunate thing is that many States of the Union have been dragging their feet, so far as hospitalization is concerned. In Louisiana, we have not been neglectful in assisting the poor. The people of Louisiana have taxed themselves until it hurts, to give assistance where it is needed. Now we are being called upon to further increase their tax burden, and at the same time not give them more benefits—in fact less than they are now receiving. I cannot see my way clear to vote for the bill.

Mr. President, I am conscious of the fact that I cannot change many votes on the floor of the Senate. The minds of most Senators have been made up. I merely wish to speak for the RECORD to indicate to the people what can be expected from the bill. I repeat that what will be provided under the law will be meager in contrast to what the people will anticipate obtaining.

Quite a few programs for which I should like to vote are incorporated in the bill. For example, as I have indicated, the 7-percent benefit increase is long past due. That increase should have been enacted a few years ago.

I should like to increase benefits for crippled children, children with no homes, and disabled children. I should like to give the special benefits to the older people which are provided for in the measure.

But I cannot see my way clear to vote for those provisions with the medicare program attached to them because, as I have said publicly and repeat now, if the medicare proposal is studied carefully, its folly will be evident. People will not receive what they anticipate. If the Congress makes the mistake of adopting the proposal, it will mean that every session of Congress will be confronted with more and more and larger and larger demands. The program will mushroom, because when the people who expect much from the proposed legislation find out that they are not receiving what they anticipated, they will come to their Senators and Representatives, force the issue, and make them propose increases from every direction. Not only will the percentage-wise tax on income be raised, but the base will also be broadened, breached, and increased.

We can see that process already in action by examining the figures presented in table 6, found on page 287 of part I of the Finance Committee's report. There it can be seen that under the social security legislation now on the statute books, the combined social security tax on employer and employee would amount to $396 next year. By contrast, it will amount to $487.20 under the House version of this bill, and to $551.10 in the Senate version.

Looking to the year 1987, the disparity is even more glaring. In that year, under present legislation already on the books, employers and employees would make a combined contribution of $444. Yet under the House version of the bill, the contribution is jumped up to $739.20, and under the provisions drafted by the Senate committee, the combined payroll tax has been increased to the sum of $759. Of course, we should bear in mind that 1987 is a long way off, and it is wholly reasonable to expect that even greater increases will be voted before that time.

Mr. President, I ask unanimous consent that table 6 from the committee report be placed in the RECORD at this point.

There being no objection, the table was ordered printed in the RECORD, as follows:

TABLE 6.—*Combined tax on employer and employee under present law and under House and Senate Finance Committee versions of H.R. 6675* [1]*—Old-age, survivors, and disability insurance program and basic hospital insurance program, 1965–87 and after*

| Year | Combined tax on employer and employee | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Old-age, survivors, and disability insurance program | | | Basic hospital insurance program | | | Old-age, survivors, and disability insurance program and basic hospital insurance program | | | | | | | |
| | | | | | | | | | | Increase under House bill | | Increase under Finance Committee bill | | |
| | Under present law | Under House bill | Under Finance Committee bill | Under present law | Under House bill | Under Finance Committee bill | Under present law | Under House bill | Under Finance Committee bill | Over present law | Over 1965 | Over present law | Over House bill | Over 1965 |
| 1965 | $348.00 | $348.00 | $348.00 | | | | $348.00 | $348.00 | $348.00 | | | | | |
| 1966 | 396.00 | 448.00 | 508.20 | | $39.20 | $42.90 | 396.00 | 487.20 | 551.10 | $91.20 | $139.20 | $155.10 | $63.90 | $203.10 |
| 1967 | 396.00 | 448.00 | 508.20 | | 56.00 | 66.00 | 396.00 | 504.00 | 574.20 | 108.00 | 156.00 | 178.20 | 70.20 | 226.20 |
| 1968 | 444.00 | 448.00 | 508.20 | | 56.00 | 66.00 | 444.00 | 504.00 | 574.20 | 40.00 | 156.00 | 130.20 | 70.20 | 226.20 |
| 1969–70 | 444.00 | 492.80 | 587.40 | | 56.00 | 66.00 | 444.00 | 548.80 | 653.40 | 104.80 | 200.80 | 209.40 | 104.00 | 305.40 |
| 1971–72 | 444.00 | 580.80 | 587.40 | | 66.00 | 72.60 | 444.00 | 646.80 | 660.00 | 202.80 | 298.80 | 216.00 | 13.20 | 312.00 |
| 1973–75 | 444.00 | 633.60 | 646.80 | | 72.60 | 79.20 | 444.00 | 706.20 | 726.00 | 262.20 | 358.20 | 282.00 | 19.80 | 378.00 |
| 1976–79 | 444.00 | 633.60 | 646.80 | | 79.20 | 85.80 | 444.00 | 712.80 | 732.60 | 268.80 | 364.80 | 288.60 | 19.80 | 384.60 |
| 1980–86 | 444.00 | 633.60 | 646.80 | | 92.40 | 99.00 | 444.00 | 726.00 | 745.80 | 282.00 | 378.00 | 301.80 | 19.80 | 397.80 |
| 1987 and after | 444.00 | 633.60 | 646.80 | | 105.60 | 112.20 | 444.00 | 739.20 | 759.00 | 295.20 | 391.20 | 315.00 | 19.80 | 411.00 |

[1] For employee with wage equal to or in excess of the tax base under the Senate Finance Committee bill.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. ELLENDER. Mr. President, in addition, there is no question that if we vote to protect and provide for the people above 65 and people under that age, many more millions will be required than are provided in the bill we are now considering.

I repeat what I believe will happen. Uncle Sam, instead of the States, will be called upon to carry those burdens. A good deal of the burden rightly belongs on the States. I favor a cooperative effort on the part of the Federal Government and the States in many fields. For example, the Kerr-Mills law works well. In Louisiana that program is mushrooming. But it is being carried out on a cooperative basis with the States.

As I said, from here out we shall have demands from unsatisfied people who will say that they were misled as to what the bill would do for them. I am one who believes that those who are able to pay their medical bills should be made to do so and not let Uncle Sam carry the burden, as will be the case if the bill passes.

In my judgment, unless we can obtain full cooperation between the States and the Federal Government to carry the burden of hospitalization for those unable to pay, the cost of the program will be so immense that the taxpayers will begin to grumble and resist the payments that will be necessary in order to carry the program through.

Mr. President, on September 7, 1964, I delivered an address in the Senate entitled "Louisiana Takes Care of Its Own." That address was made in opposition to amendment No. 1178, the so-called Gore amendment, which would have attached medicare legislation to the Social Security Amendments of 1964, which were before the Senate. In that speech, I documented what the State of Louisiana is doing for all its needy citizens, and particularly for its aged in need of medical

assistance. I pointed out that my State was already doing much more than would be provided in the pending legislation, and I now make the same claim as to the measure before the Senate. Since Louisiana citizens had taxed themselves heavily in an effort to assure that no one in need of medical asistance would be without it, regardless of age, and regardless of ability to pay, I could not see my way clear to support the imposition of additional taxes toward this end.

Mr. President, I again maintain that position. The medicare proposal currently before the Senate will amount to nothing short of double taxation of the people of Louisiana to provide a service that is already available to them in a much more extended form.

To bring the data I presented to the Senate last year up to date, I point out that there are currently 268,865 persons 65 years of age and over in Louisiana. Of this number, 129,742 are receiving old-assistance payments from the Federal and State governments. A large percentage of the old-age assistance payments is devoted to medical care for the aged, and in the last complete fiscal year for which I have obtained figures, the OAA medical program expenditure amounted to a total of $22,724,440. Many others in my State are participating in the medical aid to the aged or MAA program. In the 1964 fiscal year, a total of $1,200,000 was expended under the MAA medical program. The total payment in Louisiana made under both the old-age assistance and medical assistance for the aged programs, from 1960 through fiscal year 1964, amounts to $92,329,364. The contribution made by the Federal Government amounts to $66,965,641; that made by the State government totals $25,363,723.

Mr. President, two tables I had prepared after consulting with the State welfare and medical authorities show very plainly the high level of participation which Louisiana has achieved through the operation of the Kerr-Mills program, which I have been informed "is not operating in some States." I ask unanimous consent that they be placed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Data re Kerr-Mills—Louisiana*

| | Number | Date |
|---|---|---|
| Persons 65 years and over | 268,865 | December 1964. |
| Total receiving OASI, Louisiana. | 157,932 | Do. |
| Total receiving either OASI or OAA.[1] | 287,674 | |
| Total receiving OAA | 129,742 | Do. |
| Also receiving OASI | 54,602 | Do. |
| Total receiving either OASI or OAA or a combination of the 2. | [2] 233,674 | |
| Receiving continued medical care. | 44,324 | |
| Potentially eligible for medical aid to aged. | 139,123 | |
| Number receiving MAA | [3] 533 | February 1965. |
| Also receiving OASI | [3] 366 | Do. |

| | Total | Federal | State |
|---|---|---|---|
| OAA medical program: | | | |
| 1960–61 | $3,373,216 | $2,430,739 | $942,477 |
| 1961–62 | 13,773,943 | 10,105,005 | 3,668,938 |
| 1962–63 | 21,210,490 | 15,227,600 | 5,982,890 |
| 1963–64 | 22,724,440 | 16,555,194 | 6,169,246 |
| 1964–65 [4] | 27,728,927 | 20,075,743 | 7,653,184 |
| Subtotal | 88,811,016 | 64,394,281 | 24,416,735 |
| MAA medical program: | | | |
| 1960–61 | | | |
| 1961–62 | 359,210 | 260,607 | 98,603 |
| 1962–63 | 974,990 | 707,355 | 267,635 |
| 1963–64 | 984,148 | 722,598 | 261,550 |
| 1964–65 [5] | 1,200,000 | 880,800 | 319,200 |
| Subtotal | 3,518,348 | 2,571,360 | 946,988 |
| Total | 92,329,364 | 66,965,641 | 25,363,723 |

[1] This figure shows more than the total persons 65 years and older in Louisiana because some persons who receive OAA also receive OASI.
[2] 86.9 percent.
[3] 1 month.
[4] Includes April, May, and June 1965 estimate.
[5] Total OAA and MAA, 1960 through 1964–65.

Mr. ELLENDER. Mr. President, before leaving this portion of my remarks, I point out that this high level of Louisiana participation in the cooperative programs enacted by Congress did not come about by accident. When Congress saw fit to follow the lead of the Louisiana Legislature, we were, of course, able to take full advantage of the matching program. I am proud to say that the groundwork for our participation was laid in the 1930's, when I was serving as floor leader of the Louisiana House of Representatives under the governorship of the late Huey P. Long. Under Governor Long's leadership, the State legislature acted to provide liberal pensions for all of our old people. Because of the existence of our pension plan for the protection of our aged, we were ready to participate fully in the jointly financed Federal-State old-age assistance program enacted by the Congress. I am proud to say that this principle of making the necessary aid available to our needy has been carried through by our State administrations since I left the legislature to represent Louisiana in the U.S. Senate.

This can be shown in many ways. The tables I have just inserted in the RECORD will indicate it to a large degree. It can also be shown by the total moneys expended in Louisiana for old-age assistance during the fiscal year ending June 30, 1964. In that year, and including the sums spent for medical payments in the category of old-age assistance, a total of $129,316,000 was received by our needy citizens.

Aside from this, a total of $984,000 was expended last year by the State and Federal Government under the medical assistance for the aged program. It is well to point out here that in the category of old-age assistance total paymens, Louisiana ranks third in the Nation, exceeded only by the large and much more populated States of California and Texas. Of that total of almost $130 million, $33,818,000 or 26.2 percent was derived from purely State funds. I believe that this indicates first, that Louisiana has taken and is taking all possible steps to secure the needed medical care and benefits for her needy people.

It indicates secondly, but just as importantly, that we are doing so at a substantial strain on the taxpayers of our State.

Mr. President, I ask unanimous consent to have printed in the RECORD two tables prepared by the Department of Health, Education, and Welfare which show the nationwide expenditures under the two categories of old-age assistance and medical assistance for the aged.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 5.—*Old-age assistance: Expenditures for assistance to recipients, by source of funds, fiscal year ended June 30, 1964*

[Dollar amounts in thousands]

| State | Total assistance including vendor payments for medical care | Vendor payments for medical care | | Total including vendor payments for medical care | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Federal funds | | State funds | | Local funds | |
| | | Amount | Percent of total | Amount | Percent | Amount | Percent | Amount | Percent |
| Total | $2,030,945 | $420,887 | 20.7 | $1,321,202 | 65.1 | $620,373 | 30.5 | $89,370 | 4.4 |
| Alabama | 88,736 | 11,891 | 13.4 | 67,603 | 76.2 | 21,130 | 23.8 | 3 | (1) |
| Alaska [2] | 1,425 | 283 | 19.9 | 877 | 61.6 | 548 | 38.4 | | |
| Arizona | 9,970 | 450 | 4.5 | 7,420 | 74.4 | 2,550 | 25.6 | | |
| Arkansas | 43,239 | 8,193 | 18.9 | 33,609 | 77.7 | 9,630 | 22.3 | | |
| California | 347,196 | 41,429 | 11.9 | 168,167 | 48.4 | 154,023 | 44.4 | 25,006 | 7.2 |
| Colorado | 60,258 | 12,019 | 19.9 | 31,536 | 52.3 | 28,722 | 47.7 | | |
| Connecticut | 7,928 | 1,972 | 24.9 | 5,007 | 63.1 | 2,922 | 36.9 | | |
| Delaware | 932 | 195 | 20.9 | 655 | 70.3 | 277 | 29.7 | | |
| District of Columbia | 2,589 | 732 | 28.3 | 1,627 | 62.8 | 962 | 37.2 | | |
| Florida [2] | 55,336 | 13,925 | 25.2 | 42,609 | 77.0 | 12,727 | 23.0 | | |
| Georgia | 61,224 | 8,469 | 13.8 | 47,919 | 78.3 | 11,195 | 18.3 | 2,111 | 3.4 |
| Guam | 61 | 8 | 13.1 | 31 | 50.0 | 31 | 50.0 | | |
| Hawaii [2] | 1,012 | 260 | 25.7 | 715 | 70.7 | 297 | 29.3 | | |
| Idaho | 4,278 | 645 | 15.1 | 3,161 | 73.9 | 1,117 | 26.1 | | |

Footnotes at end of table.

TABLE 5.—*Old-age assistance: Expenditures for asistance to recipients, by source of funds, fiscal year ended June 30, 1964*—Continued

[Dollar amounts in thousands]

| State | Total assistance including vendor payments for medical care | Vendor payments for medical care | | Total including vendor payments for medical care | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Federal funds | | State funds | | Local funds | |
| | | Amount | Percent of total | Amount | Percent | Amount | Percent | Amount | Percent |
| Illinois [1] | $62,105 | $30,199 | 48.6 | $38,394 | 61.8 | $23,711 | 38.2 | | |
| Indiana | 21,878 | 9,500 | 43.4 | 14,259 | 65.2 | 4,571 | 20.9 | $3,047 | 13.9 |
| Iowa | 31,227 | 11,360 | 36.4 | 20,205 | 64.7 | 11,022 | 35.3 | | |
| Kansas | 25,484 | 5,310 | 20.8 | 16,060 | 63.0 | 4,736 | 18.6 | 4,688 | 18.4 |
| Kentucky [2] | 40,074 | 5,928 | 14.8 | 32,043 | 80.0 | 8,030 | 20.0 | | |
| Louisiana | 129,316 | 22,724 | 17.6 | 95,497 | 73.8 | 33,818 | 26.2 | | |
| Maine | 11,089 | 9,970 | 35.8 | 8,072 | 72.8 | 3,017 | 27.2 | | |
| Maryland [2] | 8,151 | 1,068 | 13.1 | 5,505 | 67.5 | 1,556 | 19.1 | 1,090 | 13.4 |
| Massachusetts | 58,988 | 12,838 | 21.8 | 35,131 | 59.6 | 16,859 | 28.6 | 6,999 | 11.9 |
| Michigan | 48,516 | 6,659 | 13.7 | 28,674 | 59.1 | 17,215 | 35.5 | 2,628 | 5.4 |
| Minnesota | 56,798 | 35,572 | 62.6 | 29,433 | 51.8 | 12,848 | 22.6 | 14,517 | 25.6 |
| Mississippi | 35,039 | 1,584 | 4.5 | 28,606 | 81.6 | 6,433 | 18.4 | | |
| Missouri | 83,337 | 9,366 | 11.2 | 57,744 | 69.3 | 25,593 | 30.7 | | |
| Montana | 4,730 | 14 | .3 | 3,338 | 70.6 | 952 | 20.1 | 440 | 9.3 |
| Nebraska | 12,958 | 6,104 | 47.1 | 8,422 | 65.0 | 3,375 | 26.0 | 1,162 | 9.0 |
| Nevada | 2,693 | 633 | 23.5 | 1,660 | 61.6 | 1,033 | 38.4 | | |
| New Hampshire | 5,440 | 1,189 | 21.9 | 3,151 | 57.9 | 864 | 15.9 | 1,425 | 26.2 |
| New Jersey | 13,196 | 3,130 | 23.7 | 8,575 | 65.0 | 3,478 | 26.4 | 1,144 | 8.7 |
| New Mexico [2] | 9,512 | 1,889 | 19.9 | 7,237 | 76.1 | 2,275 | 23.9 | | |
| New York | 61,192 | 13,607 | 22.2 | 36,406 | 59.5 | 12,439 | 20.3 | 12,347 | 20.2 |
| North Carolina | 29,949 | 4,292 | 14.3 | 23,344 | 77.9 | 3,633 | 12.1 | 2,971 | 9.9 |
| North Dakota | 5,895 | 1,763 | 29.9 | 4,147 | 70.3 | 1,577 | 26.8 | 171 | 2.9 |
| Ohio | 86,238 | 19,699 | 22.8 | 53,477 | 62.0 | 32,760 | 38.0 | | |
| Oklahoma [2] | 96,012 | 19,650 | 20.5 | 61,919 | 64.5 | 34,093 | 35.5 | | |
| Oregon | 4,696 | 1,651 | 17.0 | 6,732 | 69.4 | 2,075 | 21.4 | 889 | 9.2 |
| Pennsylvania | 42,397 | 6,859 | 16.2 | 27,650 | 65.2 | 14,747 | 34.8 | | |
| Puerto Rico | 3,673 | 321 | 8.7 | [3] 1,776 | 48.3 | 1,897 | 51.7 | | |
| Rhode Island | 6,084 | 1,118 | 18.4 | 3,915 | 64.4 | 2,169 | 35.6 | | |
| South Carolina | 16,254 | 3,423 | 21.1 | 13,046 | 80.3 | 3,208 | 19.7 | | |
| South Dakota | 7,281 | 1,200 | 16.5 | 5,329 | 73.2 | 1,952 | 26.8 | | |
| Tennessee | 28,938 | 5,175 | 17.9 | 23,076 | 79.7 | 4,689 | 16.2 | 1,172 | 4.1 |
| Texas | 191,948 | 32,447 | 16.9 | 143,044 | 74.5 | 48,904 | 25.5 | | |
| Utah | 4,371 | 790 | 18.1 | 3,249 | 74.3 | 1,122 | 25.7 | | |
| Vermont | 5,512 | 2,339 | 42.4 | 3,970 | 72.0 | 1,096 | 19.9 | 446 | 8.1 |
| Virgin Islands | 221 | 41 | 18.4 | 108 | 49.0 | 113 | 51.0 | | |
| Virginia | 9,923 | 2,746 | 27.7 | 7,814 | 78.7 | 1,308 | 13.2 | 801 | 8.1 |
| Washington | 32,889 | 6,956 | 21.2 | 21,073 | 64.1 | 11,816 | 35.9 | | |
| West Virginia | 8,569 | 1,785 | 20.8 | 6,954 | 81.2 | 1,614 | 18.8 | | |
| Wisconsin | 36,610 | 25,060 | 68.5 | 19,591 | 53.5 | 11,267 | 30.8 | 5,751 | 15.7 |
| Wyoming | 2,580 | 457 | 17.7 | 1,641 | 63.6 | 376 | 14.6 | 563 | 21.8 |

[1] Less than 0.05 percent.

[2] Data for part of period were included in a total reported for aged, blind, and disabled under provisions of title XVI. For purposes of this release these data are distributed to OAA, AB, and APTD on an estimated basis.

[3] Amount less than that obtained by applying formula for computing Federal funds because of the statutory limitation on the aggregate amount of Federal funds for all programs that can be made available for a fiscal year.

TABLE 6.—*Medical assistance for the aged: Expenditures for assistance to recipients, by source of funds, fiscal year ended June 30, 1964* [1]

[Dollar amounts in thousands]

| State | Total assistance including vendor payments for medical care | Vendor payments for medical care | | Total including vendor payments for medical care | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Federal funds | | State funds | | Local funds | |
| | | Amount | Percent of total | Amount | Percent | Amount | Percent | Amount | Percent |
| Total | $383,648 | $381,672 | 99.5 | $196,461 | 51.2 | $116,775 | 30.4 | $70,412 | 18.4 |
| Alabama | 767 | 767 | 100.0 | 600 | 78.3 | 167 | 21.7 | | |
| Arkansas | 1,603 | 1,603 | 100.0 | 1,282 | 80.0 | 321 | 20.0 | | |
| California | 80,069 | 80,069 | 100.0 | 40,034 | 50.0 | 18,828 | 23.5 | 21,206 | 26.5 |
| Connecticut | 13,957 | 13,948 | 99.9 | 6,952 | 49.8 | 7,005 | 50.2 | | |
| District of Columbia | 1,714 | 1,714 | 100.0 | 857 | 50.0 | 857 | 50.0 | | |
| Florida [2] | 1,402 | 1,402 | 100.0 | 851 | 60.7 | 551 | 39.3 | | |
| Guam | 15 | 15 | 100.0 | 8 | 50.0 | 8 | 50.0 | | |
| Hawaii | 1,657 | 1,657 | 100.0 | 828 | 50.0 | 829 | 50.0 | | |
| Idaho | 2,910 | 2,910 | 100.0 | 1,962 | 67.4 | 948 | 32.6 | | |
| Illinois | 5,160 | 5,160 | 100.0 | 2,580 | 50.0 | 2,580 | 50.0 | | |
| Iowa [2] | 1,375 | 1,375 | 100.0 | 793 | 57.6 | 583 | 42.4 | | |
| Kansas [2] | 1,446 | 1,398 | 97.7 | 792 | 54.7 | 327 | 22.6 | 327 | 22.6 |
| Kentucky | 2,108 | 2,108 | 100.0 | 1,585 | 75.2 | 523 | 24.8 | | |
| Louisiana | 984 | 984 | 100.0 | 723 | 73.5 | 261 | 26.5 | | |
| Maine | 1,307 | 1,307 | 100.0 | 858 | 65.6 | 449 | 34.4 | | |
| Maryland | 3,738 | 3,738 | 100.0 | 1,869 | 50.0 | 1,869 | 50.0 | | |
| Massachusetts | 50,048 | 48,868 | 97.6 | 24,434 | 48.8 | 17,076 | 34.1 | 8,538 | 17.1 |
| Michigan | 22,142 | 22,142 | 100.0 | 11,067 | 50.0 | 8,854 | 40.0 | 2,221 | 10.0 |
| Nebraska [2] | 40 | 40 | 100.0 | 22 | 55.1 | 18 | 44.9 | | |
| New Hampshire | 589 | 589 | 100.0 | 332 | 56.4 | 257 | 43.6 | | |
| New Jersey | 11,043 | 10,930 | 99.0 | 5,465 | 49.5 | 4,447 | 30.3 | 2,312 | 20.2 |
| New York | 120,343 | 119,744 | 99.5 | 59,872 | 49.8 | 30,250 | 25.1 | 30,221 | 25.1 |
| North Dakota | 2,670 | 2,643 | 99.0 | 1,930 | 72.3 | 667 | 25.0 | 73 | 2.8 |
| Oklahoma | 1,793 | 1,793 | 100.0 | 1,177 | 65.7 | 616 | 34.3 | | |
| Oregon | 5,865 | 5,865 | 100.0 | 2,933 | 50.0 | 2,053 | 35.0 | 880 | 15.0 |
| Pennsylvania | 21,081 | 21,081 | 100.0 | 10,538 | 50.0 | 6,002 | 28.5 | 4,541 | 21.5 |
| Puerto Rico | 970 | 970 | 100.0 | 485 | 50.0 | 485 | 50.0 | | |
| South Carolina | 1,984 | 1,984 | 100.0 | 1,587 | 80.0 | 397 | 20.0 | | |
| South Dakota [2] | 4 | 4 | 100.0 | 3 | 68.9 | 1 | 31.1 | | |
| Tennessee | 2,065 | 2,065 | 100.0 | 1,560 | 75.5 | 404 | 19.6 | 101 | 4.9 |
| Utah | 2,959 | 2,959 | 100.0 | 1,836 | 62.1 | 1,123 | 37.9 | | |
| Vermont | 339 | 339 | 100.0 | 219 | 64.8 | 119 | 35.2 | | |
| Virgin Islands | 26 | 26 | 100.0 | 13 | 50.0 | 13 | 50.0 | | |
| Virginia [2] | 478 | 478 | 100.0 | 304 | 63.5 | 102 | 21.4 | 72 | 15.1 |
| Washington | 16,103 | 16,103 | 100.0 | 8,047 | 50.0 | 8,057 | 50.0 | | |
| West Virginia | 2,842 | 2,842 | 100.0 | 2,040 | 71.8 | 803 | 28.2 | | |
| Wyoming [2] | 53 | 53 | 100.0 | 26 | 50.0 | 26 | 50.0 | | |

[1] Program initiated in October 1960 under the Social Security Amendments of 1960. States not shown have no program.

[2] Vendor medical program in operation less than 1 year.

Mr. ELLENDER. Mr. President, I invite Senators to compare the amounts paid by Texas, California, and Louisiana with the amounts paid by other States, States which have, in my opinion, been dragging their feet in this area. If the States of the Union had followed the example of Louisiana, many of the aged would have been provided for.

I am proud to recall that from 1928 through 1932, years when I served in the administration of the late Huey P. Long, I was instrumental in assisting or giving a push to make certain that those programs were adopted. I regret to say that many States of the Union are not following the good example that was set years ago by my State of Louisiana.

Not only is it correct that Louisiana ranks third in the States' old age assistance total, but also that there is a substantial break between the third position and those below it. Very few States come close to our effort in this field.

Another method by which it can be clearly shown that the State of Louisiana is acting on its own to care for the needs of its people is by the expenditures to operate our State-owned hospitals. Last year, I presented statistics from the Louisiana Department of Hospitals showing that the 1964 budget for the State of Louisiana contained a total appropriation of $44,607,181 to meet the recurring expenses for the general, mental, and tuberculosis hospitals operated by the State. Contained in the figure from last year were the following:

| | |
|---|---|
| For the 7 general hospitals maintained by the State Department of Hospitals | $8,911,641 |
| For the 3 hospitals for the mentally ill, exclusive of schools for the retarded | 13,133,498 |

In addition to those sums, last year's State budget included $4,978,919 for the operation of a general charity hospital in Shreveport and $16,301,499 for the operation of a general charity hospital in the great city of New Orleans.

I am proud that during my incumbency in the Legislature of Louisiana I led the fight to construct a great hospital in New Orleans, which has a bed capacity of more than 2,000. The cost of a hospital at that time was between $11 million and $12 million. The annual cost of operating it today is $16,301,000. So it can be seen that the cost of the facility is little or nothing compared with the amount necessary to operate it.

To bring last year's figures up to date and to show the continuing effort being made by Louisiana taxpayers to provide the necessary services and medical care to our needy—and this care is available to all, old or young—I contacted the office of Mr. R. B. Waldren, the director of the Louisiana Department of Hospitals, and ascertained the following:

The State of Louisiana appropriation for the current fiscal year 1965–66 for the recurring expenses at all general, mental, and tuberculosis hospitals amounts to $59,942,858—an increase of $15 million over the 1964 budget. This sum includes funds for the following:

| | |
|---|---|
| 3 hospitals for the mentally ill | $14,505,572 |
| Community mental health treatment center | 1,992,540 |
| 5 schools for the mentally retarded | 6,871,440 |
| 1 tuberculosis hospital | 1,365,113 |
| 7 general charity hospitals (under supervision of State department of hospitals) | 9,963,967 |

These hospitals are operated entirely from funds collected from the taxpayers of my State.

I continue to read:

| | |
|---|---|
| 1 Alcoholism Rehabilitation Center | $90,000 |
| 1 Charity Hospital in Shreveport—autonomous | 5,979,036 |
| 1 Charity Hospital in New Orleans—autonomous | 19,275,190 |

Included in the amounts for the Shreveport and New Orleans Charity Hospitals are two relatively small tuberculosis units, the costs of which are not available.

From the above information, Mr. President, it should be plain that Louisiana is not dragging its heels to provide care and services to its needy citizens. It should also be plain that the social legislation enacted years ago in Louisiana has been expanded from year to year to provide more and more benefits derived from Louisiana taxes. The expenditures which I have just listed do not reflect any Federal contribution, but are entirely State supplied. In short, this is the result of State and local taxation, or what might be called single taxation, and I cannot understand those who wish to enact a form of double taxation to secure similar benefits.

As a final point in my efforts to show the contributions made by Louisiana taxpayers to enable the State government to "take care of its own," I would like to point out the progress we have made in constructing hospitals and medical facilities under the Hill-Burton Act. I am proud to say that I was a coauthor of the Hill-Burton Act.

Since 1948, 233 hospitals and medical facilities have been constructed at a total of $151,035,489. The Federal share of this cost amounts to $64,210,837, while the local contribution amounts to $86,824,652.

Mr. President, all of these hospitals, with the exception of two or three, are now in operation and being operated by the local people. When we consider that there are three large hospitals for the insane, tubercular hospitals, and nine general hospitals, which, of course, include the famous Charity Hospital in New Orleans—all maintained by the State—we can assess the cost of this. A visit to these institutions would indicate to anyone the effort made by the people of Louisiana to take care of our own need.

Needless to say, the local Hill-Burton contribution of almost $87 million has been raised through local bond issues and other forms of local taxation. Our people have borne this burden cheerfully, for the need was there to be filled, and filled it has been. From this effort have come 8,767 new hospital beds under the Hill-Burton program alone in the last 15 years. In the fiscal year 1965 alone, $9,351,000 was expended in Louisiana under this program and 405 new hospital beds were provided.

Mr. President, we have all heard much and read in the press, about the so-called means test that is a part of the Kerr-Mills program. It is in this area that Louisiana sets a fine example in the implementation of the Kerr-Mills program on the State level. The eligibility requirements set up by the State for recipients of aid under the old age assistance are among the most liberal to be found. For instance, under the old age assistance program, the recipient may own his own home, a car, cash, or the cash equivalent of $500 if single and $1,000 if married, real property, other than a home, valued at not more than $1,500 if single or $2,000 if married, and income-producing assets up to $1,500.

He may also have a gross income not exceeding $5,000 and maintain an insurance policy with a cash or loan value of $1,000 if single, and $1,500 if married. No deductions are made. The recipients obtain complete medical attention without pay. Under this program, approximately 130,000 persons are now receiving services.

As to the eligibility requirements under the medical assistance for the aged—also under the Kerr-Mills program—there are very fair and liberal allowances provided. First, the recipient must be a resident of the State of Louisiana. He and his spouse may own their home and car, regardless of value. He may have $1,000 in cash if single or $1,500 if married, income-producing property other than a home may be owned up to an assessed valuation of $5,000. The recipient can also own a farm or business assets which produce income or insurance with cash or loan value of $1,500 if single or $2,000 if married.

As to his income, the recipient may receive as much as $250 a month if single, or $325 a month if married. This amounts to $3,000 a year if single, and $3,900 a year if married. Such persons are eligible for hospitalization and are required to pay a very small amount out of their income.

Under our formula, if a single person receives income of less than $120 a month, or a married couple with no dependents, less than $175 a month, nothing is paid for hospitalization. If the income is more than the minimum, but less than the maximum amounts above mentioned, the recipients must pay a part of the bill, according to the following formula:

In the case of a single individual, take the monthly income and deduct $100, and in the case of a couple, deduct $150 from the monthly income. The difference is what the patient would pay, with the Government paying all other costs.

To be specific, suppose a hospital bill amounts to $800 for a single person earning $200 a month. The patient would pay $100, and the Government would

pay $700. When I mention the Government I mean the State government, as well as the Federal Government, under the Kerr-Mills program. If a person were married and receiving the same salary, his share of the bill would be $50, with the Government paying $750.

In addition to hospitalization, those persons coming within the minimum classifications are also eligible for the services of physicians. A patient may obtain year-round nursing home care and necessary drugs ordered by a physician. However, the maximum amount paid to any nursing home is $165 a month. If charges are higher, then the patient, or his relatives, pay the difference.

All in all, I believe that we in Louisiana have reached a commendable balance by providing the necessary care to those who need it under very liberal eligibility requirements, but at the same time keeping in sight the principle of granting aid based on need and not to those well able to pay their own bills.

Now, we have also heard a great deal about the expansion of benefits that has taken place under the current proposed legislation as opposed to that put forward in the past. It is my contention, Mr. President, that the benefits made available under the pending measure are not yet comparable to those provided under the services and benefits made available in the Louisiana program. For instance, in Louisiana the care is made available at no cost to the recipient; while in the pending measure there is a charge of $40 for the first 60 days of care, plus $10 a day for any days in excess of that 60. Under the Louisiana program there is no deductible amount and free care is made available from the moment the patient enters the hospital, provided his income is within the minimum for eligibility. The hospital stay is governed by a theoretical 30-day maximum, but I am informed that in cases of need or where the doctor certifies the need of a patient to remain in the hospital longer than that, the appropriate arrangements can be made.

In short, Mr. President, my opposition to this legislation is based on three primary points. The first is that Lousiania, through taxing her own citizens over the years, has acted to provide a high level of medical services and care for those in need, no matter what their age. My State started this in the beginning through a system of State owned and operated hospitals and through the enactment of liberal pension plans. Louisiana has not dragged its feet in providing medical care where necessary and needed.

In the second place, we have moved ahead to implement the various Federal programs such as old-aged assistance, medical assistance for the aged, and the Hill-Burton program, thus making our State tax dollars go further. Where necessary the tax burden has been increased through local bond issues for the construction of hospitals.

In the third place, in the light of our policy of using the resources of our citizens and the natural resources of our State to provide for the needy—no matter what age but especially for the aged—the pending measure would amount to nothing short of double taxation to make the same benefits available to the citizens of other States who have not gone so far as we have. I frankly cannot see the justice of it. Under the scheduled medicare tax envisioned in this measure, a young man in my State, going to work next year at the age of 18, would contribute a total of $2,476.65 throughout his lifetime to allow those in other States already 65 or over to draw medical benefits.

Mr. President, in 1964, I closed by Senate speech by saying:

> In the light of the record which Louisiana has made in providing free medical care for all who need it in our State hospitals and under the old-age assistance and Kerr-Mills programs, I do not see that it (medicare legislation) would be in the best interests of my people.

Mr. President, I maintain that view today.

Mr. TALMADGE. I yield 10 minutes to the Senator from Ohio [Mr. YOUNG].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 10 minutes.

Mr. YOUNG of Ohio. Mr. President, the pending bill (H.R. 6675), as amended in the Senate Finance Committee, is a historic landmark. The measure represents the greatest advance in social legislation ever presented to the Senate. It is a bill which provides benefits not only to the aged of our nation but also to many of those others who are in need in our society. The 12 members of the Senate Committee on Finance who signed the majority report and reported the bill, as amended, are to be congratulated for the real and needed public service they have performed for the Nation.

Mr. President, next month marks the 30th anniversary of the most humane and advanced social legislation in our Nation's history—the Social Security Act. The man who proposed this legislation and whose signature placed it on the statute books is dead. This is one of the many imprints that Franklin D. Roosevelt left upon the pages of American history which will endure forever.

Since passage of the Social Security Act of 1935, Congress has made changes in the act in keeping with fast-changing times. We have a duty to further expand and liberalize this program, and the Social Security Amendments of 1965—the bill presently before the Senate—will help assure that millions of Americans will enjoy a measure of security and dignity in their old age.

It is my personal recollection, that as a member of the Committee on Ways and Means in the House of Representatives, I helped draft our present liberalized and expanded social security program. Over the years I have always supported and voted for liberalizing amendments to the Social Security Act. I consider it a privilege to vote this week for amendments which are the most far-reaching improvement to our social security program since its original enactment almost 30 years ago.

When the Social Security Act became law, there were fewer than 7 million Americans 65 years or older. Today, there are approximately 19 million men and women 65 years of age or older. By 1970 there will be more than 20 million.

The majority of men and women beyond 65 years old have inadequate incomes. Most do not receive private pensions. The majority cannot afford proper medical care. Many are ill housed and, unfortunately, too many lack proper diet and are undernourished. It is clear that expansion on a broad level must be made now through the enactment of this legislation to avoid a catastrophe of sweeping proportions among our aged in the future.

In the United States we have gone a long way under great leadership since those dark depression days of 1932, when a high-placed Government official said, "Relief is a local problem."

The hope we all cherish is an old age free from care and want. To that end people toil patiently and live closely, seeking to save something for the day when they can earn no more. As age creeps on, there is a constantly declining capacity to earn, until at 65 many find themselves unemployable.

There was no more pitful tragedy than the lot of the worker who had struggled all his life to gain a competence and who, at 65, was poverty stricken and dependent upon charity. The black slave knew no such tragedy as this. It was a tragedy reserved for the free worker in the greatest nation on earth in an era which now seems remote but in fact was as recent as the late 1920's and early 1930's.

Mr. President, back in 1931, in my home city of Cleveland, in Lorain, Akron, and many other cities throughout the country, there were bread lines and soup kitchens. Unless one lived through and can recall the terrible depression dating back to 1930, 1931, and 1932, he would have difficulty in believing the conditions that existed at that time. Banks in 48 States were closed; many had failed and the savings of some millions of our citizens had been wiped away. In the final months of the administration of President Herbert Hoover, the entire financial structure of the United States had collapsed. Never at any time since the Federal troops streamed back into Washington in panic in July 1861, after the Battle of Bull Run, or Manassas, in the War Between the States, was our Nation and Government so imperiled.

Our farmers were not making enough money to pay their taxes and interest on their mortgages. In fact, at Bowling Green, Ohio, and elsewhere in the Nation, groups of farmers gathered on courthouse steps threatening to hang judges, demonstrating against foreclosures of farms, and interfering with the orderly proceses of the law. At that time, 26 million worthy and industrious men and women walked city streets jobless. Time and events have proved that since the enactment of the social security law, under which checks totaling more than $16 billion in social security retirement were paid last year to 19,200,000 beneficiaries, there has been and is

no possibility of a cruel depression such as was experienced commencing in 1930. We have, on a few occasions, experienced recessions, but no depression is possible.

Americans know that private charities, bread lines and soup kitchens must never again be the answer of the American intelligence and sense of justice to the problems of unemployment and indigent old age.

The dignity of every individual is involved in what Congress does in providing hospital and nursing home care for the elderly under social security coverage, and liberalizing social security payments. Something deep inside a person is offended if, after a lifetime of productive effort, all he or she gets is a handout.

Mr. President, in this 30th anniversary year, the time has come for a major breakthrough: In supporting the administration's bill termed "medicare," which provides hospital and nursing home care for all our elderly men and women and, in addition, increases and expands social security benefits, we are rendering real and needful service that will strengthen our Nation and give contentment and economic security to many millions of our people. The social security bill amendments of 1965 will bring the social security program up to date in this space age of change and challenge. Its medical, hospital, and nursing home provisions will assure that millions of citizens will not have to live in constant fear that their savings will be wiped out by prolonged illnesses, injury, or needed hospitalization and surgery. Furthermore, it will assure all Americans that when illness afflicts elderly relatives, their families will not be compelled to incur colassal debt or have to pay from savings accumulated for their children's education and other purposes.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. TALMADGE. Mr. President, I yield 2 additional minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 2 additional minutes.

Mr. YOUNG of Ohio. I thank the Senator from Georgia.

Mr. President, more than 20 million social security beneficiaries will receive a 7-percent benefit increase which is vitally needed to help them maintain a decent minimum standardard of living. In four successive Congresses, I have introduced legislation to increase the earnings limitation. I was glad to note that in the Senate bill, the amount which retired persons can earn, without being penalized by deductions from social security benefits, will be raised to $1,800 a year, rather than the out-dated $1,200 allowed under existing law. I am hopeful that in the future the earnings limitation will be increased even further, and finally removed altogether.

Almost 200,000 widows will have the opportunity to draw benefits if they wish to retire at age 60 rather than at 62. Thousands of children will continue to receive benefits beyond age 18 while attending school. Enabling many of them, who might not otherwise have been able to do so, to obtain a college education. The bill provides substantial increases in the Federal share of the matching formula for the needy aged, blind, and disabled. These and many other amendments will bring the beneficient social security program in line with the needs of Americans today.

The old-age, survivors, and disability insurance system, termed "social security," is an actuarially sound insurance system. We continue to maintain it as such. The present total surplus exceeds $21 billion.

Mr. President, I am particularly happy that a bill which I introduced in the 88th Congress, and reintroduced in the 89th Congress, has been included in the Social Security Amendments now before the Senate, by unanimous action of members of the Senate Committee on Finance. This amendment authorizes Federal standards of fire safety and protection in nursing homes caring for public assistance recipients. If enacted, no longer will Federal funds be used to pay for care in institutions not meeting standards set by the Secretary of Health, Education and Welfare. The Nation has experienced periodic shock over one tragic fire after another in nursing homes providing care to elderly men and women. Six patients die in nursing home fires for every one killed in a hospital fire. More than 85 percent of persons whose lives have been lost in institutional fires were in so-called rest homes for the care of our elderly, which in many cases were truly firetraps. I am confident that in conference with representatives of the other body, this and other meritorious amendments adopted in the Senate will be included in the conference report and enacted into law.

The majority of persons in nursing homes are on public assistance with the Federal Government paying more than half of the almost $400 million spent annually for their care. Federal money is being used to maintain older people in firetraps today. The firetrap is all too often turned into a tragic deathtrap.

The medicare segment of the bill authorizes the Secretary of Health, Education, and Welfare to prescribe health and safety requirements. My amendment seeks to apply the same safety standards in "medicare" to institutions providing care to public assistance recipients. It would be completely illogical for us to say to the elderly that we will see to it that they are in safe nursing homes under medicare, but that we permit them to be confined in potential firetraps if they receive nursing home care under public assistance. I am hopeful, indeed confident, that this amendment will be approved in the bill as finally enacted.

Mr. President, I congratulate our colleagues who serve on the Senate Committee on Finance for their outstanding work. The Nation is indebted to them for the social security bill they have reported to the Senate and which we are considering today. It will truly be a great day in our Nation's history when the Social Security Amendments of 1965 are enacted into law.

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. From whose time shall the time come?

Mr. TALMADGE. I ask unanimous consent that the time may be taken without charge to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MILLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the pending Prouty amendment be temporarily laid aside and that the Senator from Iowa may be permitted to offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 336

Mr. MILLER. Mr. President, I offer my amendment No. 336 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. Strike out all of part 1 of title I beginning on line 6, page 12, through line 2, page 159, inclusive, and insert in lieu thereof the following:

Title I of the Social Security Act is amended as follows:

(1) By striking from section 3(a)(1)(C) the words "the Federal medical percentage (as defined in section 6(c))" and by inserting in lieu thereof the words "75 per centum".

(2) By striking from section 3(a)(3) the words "the Federal medical percentage (as defined in section 6(c))" and by inserting in lieu thereof the words "75 per centum".

(3) By striking therefrom all of section 6(c).

(4) By amending section 2(a)(11)(D) to read as follows:

"(D) include reasonable standards consistent with the objectives of this title for determining eligibility for and the extent of such assistance, provided that assistance shall include and be limited to—

"(a) Any unmarried applicant whose income, after deduction of medical expenses incurred by the applicant, does not exceed $1,800 annually, or any married applicant and spouse living together whose combined income, after deduction of medical expenses incurred by the applicant and his spouse, does not exceed $2,500: *Provided*, That said $1,800 and $2,500 standards shall be reduced in the case of those States, the Virgin Islands, Puerto Rico, and Guam whose annual per capita income is less than the annual per capita income of all of the States, the Virgin Islands, Puerto Rico, and Guam, and shall be increased in the case of those States, the Virgin Islands, Puerto Rico, and Guam whose annual per capita income is greater than the annual per capita income of all of the States, the Virgin Islands, Puerto Rico, and Guam. The reduction or increase shall be computed by applying to said dollar standards the percentage which the annual per capita income of a State, the Virgin Islands, Puerto Rico, or Guam bears to the annual per capita income of all of the States, the Virgin Islands, Puerto Rico, and Guam. The percentages for reduction or increase shall be furnished each State, the

Virgin Islands, Puerto Rico, and Guam by the Secretary of Health, Education, and Welfare by July 1 of each year for application on January 1 of the following year, and shall be based on per capita incomes computed for the most recent calendar year or fiscal year for which such computations can be made with reasonable accuracy.

"(b) 'Income' for the purposes of the preceding subsection shall mean the adjusted gross income computed for Federal income tax purposes plus the amount of capital gain, interest, annuities, or other retirement payments or portions thereof not included in adjusted gross income. In administering this Act, the probable income for the year during which assistance is applied for shall be taken into account so that assistance for which the applicant would probably be qualified when the income for said year is finally determined can be furnished without delay.

"(c) Any unmarried applicant whose resources do not exceed $2,000 ($12,000 if he does not own real property occupied by him as a residence), or any married applicant and spouse living together whose resources do not exceed $3,000 ($13,000 if they do not own real property occupied by them as a residence): *Provided*, That the value of resources shall be the current market value minus any encumbrances against such resource or resources: *And provided further*, That the following resources shall not be taken into account: real property occupied as a residence by the applicant, household goods and furnishings, one automobile, personal effects and tools necessary for the pursuit of a trade, occupation, or profession, and the cash surrender value of life insurance policies on the life of the applicant or his spouse: *And provided further*, That no lien shall attach in favor of the Federal or State or local governments against any of said resources which shall not be taken into account or against any other resources to the extent of the amount of the exclusion."

(5) Paragraphs (1), (2), and (3) of this amendment shall take effect as of July 1, 1965, and paragraph (4) shall take effect July 1, 1966.

Mr. MILLER. Mr. President, I yield myself such time as I may require.

The great majority of States now have a medical assistance for the aged program enacted by their respective State legislatures pursuant to authority conferred in the Kerr-Mills Act. Many of these programs are only now getting well underway. In some States, including my own State of Iowa, the program is operating fully and very effectively. As I pointed out the other day in my colloquy with the Senator from Connecticut [Mr. RIBICOFF], there are today no people in Iowa over 65 who need have any fear of being pauperized because of the expenses of illness. And, I might add, that even though many individuals may not qualify for medical assistance due to the income limitations in our law, once their medical expenses reduce their annual income below the limitation, all of the medical costs from that point on are covered.

The fact that these programs are being administered locally by local people who are familiar with the situation and the needs of the people being served is one of the most desirable features of the Kerr-Mills program. Older people certainly should have the service of people in their community whenever possible. The pending bill would add greatly to the complex system of State and Federal laws designed to meet the needs of millions of people. It would tend away from rather than toward the local administration concept.

What the Congress ought to do is improve upon the Kerr-Mills program—to take advantage of the administrative machinery which has already been set up on the State and local level while at the same time removing some of the defects which have made their appearance during the relatively short time the Kerr-Mills program has been operating. My amendment is designed to do this.

The State legislatures are already hard pressed to meet the revenue needs to carry out their responsibilities. This is because the major sources of raising revenue have been transferred to the Federal Government down through the years. There is much merit to the idea of transferring back to the States a percentage of the Federal revenue collections to assist the States in carrying out their responsibilities. Meanwhile, however, it is likely that adequate coverage under the Kerr-Mills program will not be achieved unless the Federal Government provides a larger percentage of the assitance. Under present law this percentage varies from 50 to 80 percent, with most States falling in the 50–60-percent area.

I might add that only two States receive 80 percent Federal assistance. My amendment would provide for a uniform Federal contribution of 75 percent of the cost.

One of the defects in the Kerr-Mills law is that there are no uniform eligibility requirements, and the variations of standards of financial need enacted by the various States are so great as to cause inequity among our older citizens. Accordingly, my amendment provides for a uniform standard to be used by all of the States—both as to property and as to income. The property qualification makes it clear that certain property cannot be counted, such as a person's home, auto, cash surrender value of life insurance, home furnishings, and tools of a trade, business, or profession. Additionally, if a person does not own and live in a home, there is an additional $10,000 of property which will be excluded. I believe this additional exclusion in lieu of a private home is needed to do equity among the recipients of this assistance. This provision will eliminate the criticism which is frequently leveled at the present law that an older person who sells his home will be penalized by losing his qualification for medical assistance. My amendment also provides that no Federal or State or local lien can be filed against this exempt property as a result of medical assistance furnished.

The income standard is a uniform $1,800 for single persons and $2,500 for a married couple. But in order to recognize the differences in cost of living and standards of living among the various States, this uniform standard would be raised where the State's per capita income is higher than that of the national average; and it would be lowered in the case of those States where the per capita income is lower than the national average.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MILLER. I am happy to yield.

Mr. LAUSCHE. Mr. President, the Senator has mentioned $1,800 and $2,500 as standards. What is the applicability of those figures to his proposals? How do they apply?

Mr. MILLER. These figures would be a uniform national standard. They would apply in Ohio, South Carolina, Iowa, Oklahoma, and in any other State.

Mr. LAUSCHE. How would they apply? What is the significance of the figures?

Mr. MILLER. Let us assume that a single person had more than $1,800 in income. He would not automatically receive medical assistance. If he had $2,500 in annual income and suffered a catastrophic illness, the first $700 would have to be paid by him, because that $700 would reduce the $2,500 income to $1,800, the qualification limit. From that point on, to the extent that the $1,800 was diminished by medical expenses, he would receive it automatically under the medical assistance for the aged program authorized by the Kerr-Mills Act.

Mr. LAUSCHE. As I have listened to the Senator's presentation, he mentioned two categories of exemption, first, property possessions and, second, income. Is that correct?

Mr. MILLER. The Senator is correct. Both of them are applicable. In other words, a person who might have only $1,800 income but had $50,000 worth of property would not qualify, either.

Mr. LAUSCHE. Does the Senator feel that the figure of $10,000, in lieu of a home, would be adequate?

Mr. MILLER. The Senator can see where that would be adequate in some cases and in other cases it would not. But I suggest that it would be much more equitable than what is now present in almost all the laws that have been enacted on the subject where there is an exception for a home, but there is no exception to make up for the person who sells his home.

Mr. LAUSCHE. I thank the Senator.

Mr. MILLER. Mr. President, the percentage by which there is a variance with the national average would be used as a basis for lowering or raising the $1,800 and $2,500 standard. I might point out that this is the approach now used under the Kerr-Mills law in determining the percentage of the Federal contribution, so the machinery for making the computations is already set up.

The need for such a variable formula should be obvious when one considers the difference between the cost of living in New York State, for example, and Alabama. The uniform standard would naturally be lowered in the case of Alabama residents, and it would naturally be raised in the case of the residents of New York State. If this were not done, of course, some people in New York would not qualify for assistance, while others maintaining a comparable standard of living in Alabama would qualify.

I am sure that those Senators who supported the Kerr-Mills bill when it originally passed the Congress did not intend any inequities. But in any massive social program affecting millions of our citizens, it is inevitable that inequi-

ties will arise. We are still trying to remove inequities from the social security system which went into effect 30 years ago. But it seems to me that when inequities show up, we should try to legislate them away instead of doing away with the program or superimposing some other vast program on top of what we have.

Under my amendment the administration's basic hospitalization and nursing home program and its voluntary comprehensive program would be eliminated. There would be no need for such programs. Complete, unlimited, and adequate medical care—hospitalization, nursing home, doctor bills—all would be provided to those who need them. The social security liberalizing features of the bill, including the 7-percent increase in social security benefits, would be retained.

It should be emphasized that the Kerr-Mills program is financed out of the general fund of the Treasury into which tax money is paid on the basis of relative ability to pay taxes. This is the fairest system of raising revenue we have—and it is far more fair than the regressive uniform payroll tax levied on a limited amount of income, which is the system proposed to be used to finance the administration's program. The administration's approach bears most heavily on the large-family low-income groups in the same manner as a sales tax.

In this connection I invite the attention of my colleagues to an excellent article by the distinguished Dr. Harley Lutz, professor emeritus of public finance of Princeton University, entitled "Mistake in Medicare," which appeared in the March 17 issue of the Wall Street Journal.

Dr. Lutz points out that under the administration's bill the present social security beneficiaries, now drawing social security benefits, will have paid nothing toward the cost of the benefits to which they would be entitled, and that for these millions of beneficiaries the medicare benefits would be a pure windfall. The cost would be on the present generation of workers through an increase in the payroll tax. As the years pass retiring workers will have paid toward the cost a proportion of their benefits varying with the years of elapse before retirement. Only after a generation of workers had come and gone can it be said that the hospital benefits have been fully earned. For some time to come, therefore, the proposed hospital care program for the elderly will be provided without cost to the patients involved, whether covered by social security or not.

Dr. Lutz then says that a health care plan should not be connected with social security in any way. Provision of old age pensions and operation of a general health care program are poles apart in purpose and administrative requirements, he says. The first can be handled reasonably well by the Federal Government, being practically foolproof. Evidence of age and employment record are the only matters to be substantiated. The second involves problems of human relations, requiring consideration of physical, emotional, and psychological factors. Routine bureaucratic methods would suffice to handle an old age pension system but they would be totally inadequate for a good health care program.

Dr. Lutz also points out that catastrophic illness can occur at all ages and it would be difficult to convince a person aged 60, for example, that he should wait until age 65 for hospitalization.

Dr. Lutz cites a further reason for disassociating a general health program from social security; namely, that it would then be possible to use a means test to determine the cases to be given medical care at public expense.

By using the contributory method the social security system bypassed a means test. In this way—

He says—

it glossed over the fundamental problem of economic security which was, and still is, the provision of a retirement income for those who do not plan for themselves, whether because of low lifetime earnings, persistent adversity, or an irresistible preference for the present over the future. Bypassing a means test led to the fiction that the retired company president and the lowest paid company employees were on an equal footing at retirement.

Another aspect which has heretofore not been discussed is that if eligibility to hospitalization or to any other aspect of a general health program were tied in with social security, rights to such treatment would be created. Doctors and hospital managers would encounter difficulty in resisting applicants' demands when they are based on Federal law, and they could face suit, or threat of suit, for failure to comply with these demands even though, in their best professional judgment, services were not required.

I ask unanimous consent that Dr. Lutz' article be placed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. MILLER. If my amendment is adopted, there would be no need to increase payroll taxes of employers and employees, or the self-employment tax of the self-employed for medicare purposes because the Kerr-Mills program is financed from the general fund of the Treasury.

If my amendment is not adopted, these taxes will be increased very substantially. The table at page 283 of the Finance Committee report reveals that commencing in 1966 the increase in the taxable earnings base from $4,800 to $6,600 coupled with the increase in tax rate will mean an annual increase over today's payroll tax of $80 for the employee and $80 for the employer, who will naturally pass on this additional cost to the consumer. The table at page 284 reveals that commencing in 1966 the self-employed person will have an annual increase in self-employment tax of $123 over today's tax.

But the tax increases will not stop there. In 1969, the self-employed tax will have increased by $183 per year over what it is now; and the payroll tax of employees will have increased by almost $120, as will that of the employer. Instead of an employee paying $174 in payroll tax, as he does today, he will be paying $294.

But the tax increases won't stop there either. Just 8 years from now, the self-employed tax will have increased by $202 per year over what it is now; and the payroll tax of both employers and employees will have increased by $150. The total annual payroll tax for an employee making $6,600 per year will be $323.40 as against $174 today—and remember that this is in addition to his income tax.

Most of these increases in taxes will relate to the medicare features of this bill. And a great amount of these increases in taxes will be used to pay medical expenses of people who can afford to pay for their own insurance and medical expenses. Since when are wage earners, especially in the lower brackets, supposed to pay taxes to finance the medical expenses of people over 65 who have far more income and wealth than those paying the taxes?

Some indication of the trouble that lies ahead if this bill is passed may be found in an article appearing in the London Times for February 17 of this year. The article indicates that a search is now on for an acceptable means test for the social security program in Great Britain—this search by the Labor government itself.

The article states:

It is the logic of the government's position that any more increases across the board, from which all benefit equally irrespective of need, should be avoided.

Mr. President, I ask unanimous consent that the article be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MILLER. Mr. President, in conclusion, my amendment will improve and strengthen a basically good law which is only now beginning to have a fair chance to work. It will make sure that those who need adequate and decent medical service receive it, be it hospitalization, nursing home, or doctors' care. It will give our older citizens the peace of mind in the realization that no catastrophic illness to them will bankrupt them or throw them into a poverty status. It will be financed out of the general fund of the Treasury, largely on the basis of relative ability to pay taxes, not on a regressive payroll-tax, fixed-income-ceiling basis. It will not give a free ride or windfall to anyone at the expense of burdens on our younger workers and the future generations of America.

Social justice demands nothing more and nothing less than what is provided by this amendment.

EXHIBIT 1

[From the Wall Street Journal, Mar. 17, 1965]

MISTAKE IN MEDICARE—PROGRAM SHOULD NOT BE TIED TO SOCIAL SECURITY, DR. LUTZ SAYS

(By Harley L. Lutz)

The administration's broad national health program contains some sensible suggestions for expanding and improving the Nation's health facilities. To assure availability of and accessibility to good health care facilities for all Americans is a worthy objective. On occasion, both rich and poor will need medical services and it is in the interest of

all to have them readily available and accessible.

This ambitious program involves two aspects of cost, namely the captial cost of physical equipment and the operating costs of providing the services. Recruitment and training of the professional staff may be regarded as part of the overall cost of providing the various facilities. President Johnson's January message passed over the question of financing construction but it indicated that Federal grants for training professional personnel would be materially increased. These supply aspects of the program are important. They will be passed over here, however, in order to direct attention to some cost aspects of the operations side. Assuming that the goal of an adequate supply and a satisfactory geographical distribution of health care facilities could be attained, the terms on which the services of these facilities are to be dispensed must be determined.

There are various options. Health care services could be supplied to all without charge, which would be "socialized medicine" in its extreme form; or token payments could be required of patients such as the charge for 1 day in 60 of hospitalization specified in the King-Anderson medicare bill; or the services could be provided without cost only to the indigent while all others would be required to pay at rates designed to cover the cost.

The President's message pointed toward the first option, which is no charge to anyone for anything. This is most apparent in the section of the message relating to hospital care for the elderly. It is a reasonable inference as to the rest of the program from the context and emphasis.

TWO CATEGORIES OF ELDERLY

The elderly fall into two groups for the purpose of the proposed hospital care program, the dividing line being eligibility to social security retirement pensions. Both groups would be given exactly similar protection against the cost of hospital and post-hospital care, home nursing services, and outpatient diagnostic services. For social security beneficiaries the cost would be met by "regular modest contributions during working years." For persons not covered by social security, the cost would be paid out of general revenues.

The theory of the social security system is that persons employed in covered industries would pay a tax on a stated part of their wages during their working years which would build up a fund to be returned to them in monthly installments after retirement. The employer would provide an equal amount to the fund and its total would be further increased by interest accruals paid from general funds. Greater longevity, coupled with a series of pension increases, has tended to raise the payout in individual cases above the amounts credited to the respective accounts. However, the overall inflow plus interest has held about in balance with the outflow because of increase of the covered labor force, higher tax rates on a stepped-up taxable wage base, and a rising wage level which has enlarged the total of wages taxable to the maximum amount. This maximum is now $4,800. It is expected to rise to $5,600 in a few years.

From this brief summary it is seen that the present social security beneficiaries will have paid nothing toward the cost of the hospital benefits to which they would be entitled upon enactment of a bill authorizing them. For these beneficiaries it would be a pure windfall. The cost would be on the present generation of workers through the modest increase in the tax rate. As the years pass retiring workers will have paid toward the cost of a proportion of their hospital benefits varying with the years of elapse before retirement. Only after a generation of workers had come and gone can it be said that the hospital benefits have been fully earned, accepting the assumption that the addition to the tax rate will cover the cost.

For some time to come, therefore, the proposed hospital care program for the elderly will be provided without cost to the patients involved, whether covered by social security or not.

The minority members of the Ways and Means Committee have proposed to supplement the hospital care plan by including a new system of Federal insurance to cover doctor bills and drug expenses for the elderly. The cost would be met by a higher social security tax during working years, a Treasury subsidy, and a small voluntary payment by retired social security beneficiaries who elected to accept the insurance plan. Its impact on the budget and on private insurance companies remains to be determined.

Instead of more jerry-building, it is submitted that a health care plan should not be connected with social security in any way.

Provision of old age pensions and operation of a general health care program are poles apart in purpose and administrative requirements. The first can be handled reasonably well by the Federal Government, being practically "foolproof." Evidence of age and employment record are the only matters to be substantiated. The second involves problems in human relations, requiring consideration of physical, emotional and psychological factors. Routine bureaucratic methods would suffice to handle an old age pension system but they would be totally inadequate for a good health care program.

A QUESTION OF ELIGIBILITY

Another reason for keeping a health program separate from social security is that one deals with the whole population while the other is limited to persons of retirement age. The reason for hitching the hospital program for the elderly to social security is to go through the motions of individual payment for the service. This theory is not applied in the case of persons outside social security. Catastrophic illness can occur at all ages and it would be difficult to convince a person aged 60, for example, that he should wait until age 65 for hospitalization. Once hospital facilities are provided it is doubtful that the program could be limited for long to the elderly. There would be strong pressure to eliminate the age requirement for admission and the social security test of eligibility would go by the board.

A further reason for disassociating a general health program from social security is that it would then be possible to use a means test to determine the cases to be given medical care at public expense. By using the contributory method the social security system bypassed a means test. In this way it glossed over the fundamental problem of economic security which was, and still is, the provision of a retirement income for those who do not plan for themselves, whether because of low lifetime earnings, persistent adversity, or an irresistible preference for the present over the future. Bypassing a means test led to the fiction that the retired company president and the lowest paid company employees were on an equal footing at retirement. If the retired janitor needed a pension, therefore, the retired company officer needed it also.

A means test would preclude Federal operation of a general health care program or even any material participation in its management. The President did a good job of pointing up the issues and problems in his message on health care. It was a useful example of Federal leadership. This is as far as the Government should go, for Federal operation would involve the danger of dictation and regimentation. Remote control always tend toward getting results by compulsion rather than by tact and understanding.

Effective application of a means test can occur only at the local level, where case workers can investigate the personal and family circumstances of applicants. The best results would be achieved, also, if the funds were from State and local sources. Experience in other areas of Federal grants has shown that standards are less strict and investigative procedures less diligent when the money being spent comes from Washington than would be the case if it came from nearer home.

Where full discretion as to the operation of a health care plan is in local hands, doctors and hospital managers can more effectively screen out the malingerers, the rest cures, and the hypochondriacs. If eligibility to hospitalization or to any other aspect of a general health program were tied in with social security, rights to such treatment would be created. Doctors and hospital managers would encounter difficulty in resisting applicants' demands when they are based on Federal law, and they could face suit, or threat of suit, for failure to comply with these demands.

THE PRIVATE PLANS

The President's message recommended that there be continued, expanded enrollment in private voluntary health insurance plans, and that States not having adopted the Kerr-Mills program should do so. Voluntary health insurance has been on the increase and the message indicated that more than half of the elderly have such coverage. It is doubtful if the assurance of hospital and other health care at public expense would stimulate further reliance on private, voluntary plans. On the other hand, the assurance of such care in case of need would be likely to induce further private effort in this direction.

In a broad view of the issues dealt with here it is necessary to recognize that health care under public auspices or at public expense is part of the larger problem of dependency. Dependents, that is, those not capable of self-support for any reason, have always been a charge on the workers and producers. Originally, this burden fell on the family, clan, or tribe. In comparatively recent times, as history goes, government entered the field and in our own day public support of dependency has attained large proportions. For various reasons family responsibility for dependents declined and government action was in part a response to this decline and in part a cause of it.

In this age of enlightenment and affluence, no one would seriously propose evasion of the responsibility for the care of dependents, whatever may be the reasons for this condition. Support at public expense means taxation of workers and producers, and it would be equally unjust to increase this burden in order to provide free benefits of any sort to those who are able to take care of themselves.

It is one thing to make available enough hospitals, clinics, laboratories, nursing homes, and other facilities to accommodate all who may have need of their services. It is quite another thing to extend such services at public expense to any persons other than those who are demonstrably unable to pay the cost.

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EXHIBIT 2

[From the London Times, Feb. 17, 1965]

LABOR AIM TO RECAST SOCIAL SECURITY—MEANS TEST WOULD DIRECT AID TO MOST NEEDY—SEVERANCE PAY BILL FIRST IN REPLACING BEVERIDGE?

Although a formidable complex of detail questions remains to be answered, intensive government studies now being led by Mr. Houghton, Chancellor of the Duchy of Lancaster, are clearly indicating the broad shape that must be given to social security in the next decade. What the reappraisal has shown

can be summed up in a sentence. Beveridge is dead, and something must be immediately designed to put in its place.

It is an emotional subject, particularly on the Labor side, and sooner or later the government will have to begin a process of education about the realities of social security if they are to carry the country, especially organized workers, in the radical changes that are foreseen.

A search is now on, for instance, for an acceptable means test. The increase in retirement pensions and other benefits, already provided to take effect in March this year, have bought time during which Labor Ministers can move away from the Beveridge insurance principle and win acceptance for the new doctrine that social security must be directed to those people who most need it and be denied to those who can manage well enough without it.

PREJUDICE STRONG

It is the logic of the government's position that any more increases across the board, from which all benefit equally irrespective of need, should be avoided.

Social security studies have shown that by the mid-1970's there will be 9 million retirement pensioners, compared with about 6 million today, and if there is then no means test operating the burden of fulfilling the Labor manifesto pledge to provide an incomes guarantee for those already retired and widowed will be intolerable.

With an acceptable means test, a guaranteed income for everybody would be possible, and account could be taken both of rising standards of living and of inflation. But the prejudice against a means test of any kind continues to be strong.

There is no present answer to the question what form the means test could take, but there has been examination of a proposal that a statement not unlike an income tax return could be completed, with additional safeguards against fraud.

The phrase "means test" is not alone in rousing prejudice. There is a deepset conviction that in Britain social security is established on an insurance basis, although even on the surface the insurance element can be seen to the illusory. It can almost be taken for granted that any future pensions and benefits increases across the board will cost the Exchequer about £200m.

In the next decade, on the basis of government studies, there will have to be a clear movement away from the pretense of an insurance basis, so that contributions do not necessarily carry the right of benefit without regard to means.

Mr. MILLER. Mr. President, I reserve the remainder of my time.

Mr. LAUSCHE. Mr. President, will the Senator from Iowa yield

Mr. MILLER. I yield to the Senator from Ohio.

Mr. LAUSCHE. Do I correctly understand that the Senator's search indicates that at present, under the Kerr-Mills Act, the Federal Government is paying between 50 and 80 percent of the cost of carrying the program into the States?

Mr. MILLER. That is correct, although I reemphasize that only two States now receive 80 percent. The great bulk of the States fall within a much lower bracket.

Mr. LAUSCHE. Is the Senator of the belief that if the Federal Government increased its amount generally, that would operate as an inducement for the States to act?

Mr. MILLER. I am sure it would.

Mr. LAUSCHE. On that basis, the Senator from Iowa recommends that the Federal Government carry 75 percent of the load of providing hospitalization and medical services in the States?

Mr. MILLER. That is correct; that is one of the changes that my amendment would make. It is a major change. The Senator from Ohio, having been Governor of his State, well knows how difficult it is for State legislatures and the States themselves to raise the revenue needed to fulfill their responsibilities.

Mr. LAUSCHE. Among the exemptions that would be granted to applicants for hospitalization and medical aid in the States are, first, that he would be permitted to own his home?

Mr. MILLER. That is correct.

Mr. LAUSCHE. His automobile?

Mr. MILLER. That is correct.

Mr. LAUSCHE. His household furnishings?

Mr. MILLER. Yes.

Mr. LAUSCHE. His insurance policies, whatever they may be worth?

Mr. MILLER. That is correct.

Mr. LAUSCHE. And the tools of his trade?

Mr. MILLER. That is correct.

Mr. LAUSCHE. That is, the State would not be able to say, "You must sell your home and use the proceeds to take care of yourself"?

Mr. MILLER. Not only would the State be unable to do that, in order to furnish medical assistance to the homeowner; but the homeowner could understand that when he passed on, no lien would be placed against his home or against his property to compensate for the cost of the medical assistance that had been furnished.

Mr. LAUSCHE. Inviting attention to the figures $1,800 and $2,500, that the Senator used, an aged person, single, having an income of $1,800 would be permitted to retain the $1,800 without any loss?

Mr. MILLER. That is correct.

Mr. LAUSCHE. Would that be in addition to the exemptions of property ownership?

Mr. MILLER. The items have to be taken together. If a single person has a home, an automobile, and home furnishings, and $2,000 in cash, he could not expect to qualify for the medical assistance program if he had $50,000 of income; neither could he expect to qualify if he had $1,800 of income, a home, an automobile, and $50,000 in Government bonds. In other words, he must satisfy both the income and the property limitations.

Mr. LAUSCHE. Let us consider the hypothetical case of a married couple having the property rights which we identified a moment ago, and having an annual income of $2,500. Would that couple have to dispose of the property rights prior to being permitted to obtain aid?

Mr. MILLER. No. I am happy that the Senator from Ohio has raised this question. My amendment provides that in administering the act, the probable income for the year during which assistance is applied for shall be taken into account, so that the assistance for which the applicant would probably be qualified, when the income for the said year was finally determined, could be furnished without delay.

Mr. LAUSCHE. What is the Senator's understanding about the main complaint against the Kerr-Mills Act not having been made effective by the States, in many instances?

Mr. MILLER. I believe there is one important reason; and the Senator from Ohio has already alluded to it: that is that the States are having a hard time raising revenues, and the inducement of the Federal percentage is not adequate.

The Senate has approved legislation providing for a 90–10 matching formula. When most States are receiving from 60 to 63 percent in cash funds, I can understand why there might be some reluctance on the part of legislatures to implement the Kerr-Mills program, such as would be the case if, for example, the Federal Government furnished 75 percent, which my amendment provides for.

Mr. LAUSCHE. Do I correctly understand that most persons of advanced years have felt embarrassed when they were called upon by the States to release their property ownings and to give a lien or a mortgage to the State in order to obtain aid?

Mr. MILLER. I feel certain that there are many people in my own State of Iowa who are unhappy about that. Of course, it is not the aged person to whom that happens; it is the children. They are unhappy that when their mother or father passes on, and about all that is left is their home, the State suddenly files a lien against the home to compensate the State for the medical assistance that has been furnished. That is one reason why I have provided in my amendment that no Federal, State, or local lien may be filed against such property.

Mr. LAUSCHE. In addition to the reasons just given, is it not true that, psychologically, a person of advanced years has deep pride in the home he acquired and wants to keep it? He does not want to give it up?

Mr. MILLER. I am certain that that is correct. However, many older persons, especially single older persons, such as widows or widowers, no longer feel the need or particularly desire to hold onto the home. It may be a substantial home, and they would much rather rid themselves of the burden of caring for it by moving into an apartment or even into their children's home.

However, if they should sell the home now, the money received from the sale would deprive them of medical assistance under the Kerr-Mills program. That is why my amendment provides that in lieu of the home, they may have $10,000 of other property.

Mr. LAUSCHE. I thank the Senator from Iowa.

Mr. MILLER. I thank the Senator from Ohio for his excellent questions. I am sure they brought out clearly some of the points covered by my amendment.

Mr. President, I reserve the remainder of my time.

Mr. RIBICOFF. Mr. President, I yield myself 5 minutes.

I oppose the amendment. This is the first time we have seen the amendment. It was not considered in the Committee on Finance. Various amendments were presented.

The weakness of the amendment offered by the distinguished Senator from Iowa is that it does have a means test. The resources which would make a person ineligible—if a person had in excess of $2,000 if an individual, or $3,000 if married—would seem to me to be a very small amount to disqualify a person from the high cost of serious illness.

In addition, the fact remains that 10 States do not participate in the Kerr-Mills program. Those States are: Alaska, Arizona, Georgia, Mississippi, Montana, Missouri, New Mexico, Nevada, Ohio, and Texas.

That means that millions of elderly citizens who live in those 10 States would be deprived of the benefits that we seek to achieve for them through this particular bill. I would say, with all due credit to the Senator from Iowa, that if the bill were not before us, and if the bill were not about to become law, and if Congress had not been considering the bill, there is no question in my mind that the suggestions of the Senator would be an improvement over the Kerr-Mills program as it now exists.

However, we are substituting a basic landmark piece of legislation. We have a good piece of legislation. Under the circumstances, I see no justification for scrapping the bill that the Committee on Finance has worked so hard to present to the Senate and basically substituting the suggestion made by the Senator from Iowa.

I hope that the amendment of the Senator from Iowa will be rejected.

Mr. MILLER. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. Three minutes.

Mr. MILLER. Mr. President, I ask the Senator from Connecticut if he is willing to yield me a few minutes if I need the time.

Mr. RIBICOFF. Mr. President, the senior Senator from New York asked for 2 minutes. I do not see him present in the Chamber.

Whatever time I have remaining, I shall be glad to yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I thank the Senator. I want to make a couple of comments in response to the argument raised by the Senator from Connecticut.

The Senator from Connecticut said that the Committee on Finance has not had an opportunity to see this proposal before. I am sorry to disagree with the Senator from Connecticut. The Committee on Finance has seen the amendment. The amendment is in the same language as was a bill which I introduced on March 15, 1965. That bill was referred to the Committee on Finance. The Committee on Finance has had from March 15 of this year until the present time to study amply what is contained in the amendment.

Granted that there are 10 States which have not as yet undertaken to participate in the Kerr-Mills program, I believe that one reason for that is that the Federal Government has not provided enough incentive for them to do so. If those States were to realize that they may only receive 50 percent in matching funds from the Federal Government—that is the minimum, but that could well be the amount that they would receive—there would be a reluctance on their part to enter into this program.

It is for that very reason that my amendment provides for a flat, uniform 75 percent matching-fund basis. Perhaps it should be 80 percent. However, I believe that 75 percent is a rather good approach. It is the kind of approach that we use in our various matching formulae in other legislation.

The income limitations of $1,800 for individuals and $2,500 for married couples are merely basic standards. I would suppose that in the State of Connecticut this would perhaps be increased, for example, to $3,000 for married couples. I provided in my amendment that the per capita net income of the State would, according to its relationship to the national average, determine the percentage by which these amounts should be raised or lowered. The $1,800 or $2,500 may well not apply in Connecticut, New York, or in many other States. However, at the same time I want it also understood that if a married couple has an income of $3,000, and the $2,500 limitation applies in their State, that would not mean that they would not receive any medical assistance at all. If they had expenses for illness to the extent that that illness brought their income below $2,500, they would receive all of it. If they had $10,000 worth of medical expenses, they would have to pay the first $500. However, after that payment, the remainder of the bill would be paid by the program.

I believe that this is a rather fair and liberal approach.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. MURPHY. I have been pleased to hear the debate on this amendment. I find this to be most enlightening. I should like to associate my name as a cosponsor of this amendment.

Mr. MILLER. Mr. President, I thank the Senator for his very kind remarks.

I ask unanimous consent that the name of the junior Senator from California [Mr. MURPHY] may be added as a cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

Mr. MILLER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the junior Senator from Iowa.

The amendment was rejected.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Vermont [Mr. PROUTY].

Who yields time?

Mr. LONG of Louisiana. I yield 2 minutes to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I wish to express my deep interest and support for the pending amendment. The Senator from Vermont is to be commended for offering it. It calls for the extension of social security coverage on a minimum basis to those persons 70 years of age or over who do not have coverage now. The cost of their benefits would not come out of the social security trust fund, but out of general revenues.

Ordinarily, many of us are reluctant to dilute the social security program by adding massive new programs to it that are financed by merging the social security trust fund with the General Treasury. If we do that, we will no longer have a social insurance program, but an out and out welfare program for the needs of retirement and disability.

Social insurance is a vital and desirable part of an industrial society. I believe it should be comprehensive in its coverage of individuals, but limited to certain basic social needs that can be financed separately and on an insurance basis. By so doing, we establish certain benefits that are a matter of legal right to all, and not a matter of plunging our hands into the public treasury. Meeting the needs of social insurance by Treasury financing can become a dangerous political practice.

This does not mean that all the desirable programs in this area must be under social security or nothing. The Kerr-Mills program, which should be much broader, is a welfare program which is financed from Treasury funds, and undoubtedly there are others that should be added to the statute books.

However, in the case of medical care, and in the bill now pending, we have recognized that, through the chance of being born too soon, certain elderly Americans do not have coverage under the social security program. We have seen fit, and rightly so, to provide that they will receive the same benefits under medicare as those covered by social security, and will have their benefits paid for out of Treasury funds.

We are doing this because it is recognized that this is a group of citizens that will decline in size with each passing year, because since their active years of employment, coverage of jobs under social security has become almost universal. Many of us believe it is unfair to leave them outside the provisions of medicare purely for the reason of the circumstance of their date of birth. This provision for those lacking social security coverage will cost the Treasury a declining sum with every passing year. It is not a future claim for an unknown and ever-rising contribution from general funds.

But exactly the same principle applies to those who do not receive general retirement benefits for the same reason.

The cost estimate of the Prouty amendment, as I understand it, is approximately $180 million for the first year. As in the case of medicare, which has a much higher cost estimate for the

first year for this group, it will decline with each year as fewer and fewer people will reach the age 70 without social security coverage from their own employment.

The amendment extends to this group only the minimum monthly benefit, which will be $44 under the pending bill.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. I need only 30 seconds more.

Mr. MANSFIELD. Mr. President, I yield 1 additional minute to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 1 additional minute.

Mr. MORSE. Mr. President, I believe that all the reasons which compelled us to provide coverage for all citizens under medicare also compel us to extend retirement benefits for all now lacking social security coverage. Yet this amendment provides those benefits not at age 65, but at age 70.

Should this amendment fail to pass today, I hope the Senator from Vermont will continue to press it in the future, because it is a reasonable and desirable addition to the social security system of social insurance with universal coverage.

Mr. President, in my judgment this is merely applying the doctrine of the good Samaritan and the moral law of the Golden Rule.

Mr. LONG of Louisiana. Mr. President, I yield myself 5 minutes.

Inasmuch as the Senator from Vermont is not now in the Chamber, I shall speak only briefly. I should like to have the Senator from Vermont notified, so he may return to the Chamber.

The amendment would cost a great amount of money. Various estimates have been made as to the cost. I have heard the estimate that it would cost $600 million or more. The Senator has made some study of it. Perhaps it would cost $300 or $400 million.

There are all sorts of provisions we could add to the bill that would do some good for somebody. If we had a billion dollars to spend, or $600 million, there are all sorts of things that we could think of to do which would do somebody some good. I am sure that if we asked any of the 100 Senators what he would do to help the people of the country if he had $600 million to spend, each Senator would be able to come up with something.

I am sure that if one were to ask any one of the 435 Members of the House, "If you had $600 million to spend, how would you spend it to help the people?" every one of the Members would have his own idea as to how to spend this money.

This is a bill which came from the House embodying a cost of $5.8 billion. The bill has been amended in the Senate. The last time I looked at it, it had passed the $7 billion mark.

I recall one time when the Senator from New Mexico [Mr. ANDERSON] was in the committee. I said:

> It seems to me we ought to put a bell over there, and every time we pass a provision which provides for another billion dollars, we ought to ring the bell so we can keep up with it.

That is about what we ought to do here, when we bring up amendments that cost $300 million, $500 million, or $600 million. Last night a Senator had an amendment which I call the "Prouty shoot-the-moon amendment." It would have cost $3 billion. The Senator said it would not cost that much, that it would cost only $.6 billion. Perhaps the answer is somewhere in between.

Any Senator can offer an amendment to put more laws on our books and to spend more money. I respect the right of every Senator to do that. I myself have done things like that. Every Senator has a right to do it. I question whether we do much good by so doing. As I said before, the last time I looked at the bill it had passed the $7 billion mark, and I suggest it is about time to put some brakes on it. Let us pass the bill so the people can get the benefits of some of the $7 billion provided. On that basis, I hope we shall not load the bill with costly amendments. It will be difficult enough to convince the House as it is, without loading the bill with amendments that would cost an additional $600 million.

I am sure every Senator and every Member of the House is capable of coming up with a good idea as to how he would spend another $300 million or another $600 million. One might as well go to the top of the Washington Monument and scatter $3 billion around. That is the image we are going to create if we adopt amendments which provide for another $300 million, $600 million, or $3 billion.

I would hope that as responsible legislators we not adopt amendments that will greatly increase the cost of the measure.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. MILLER. I suggest that the amendment of the Senator from Iowa went the other way. It would have saved $5 billion. So my amendment was not a "shoot the moon" amendment.

Mr. LONG of Louisiana. I did not say they were all "shoot the moon" amendments, but I said that the one we voted on last night would have cost $2 or $3 billion on top of the $7 billion we have already provided. That was a "shoot the moon" amendment.

In view of the fact that the Senator from Vermont is not in the Chamber and would want to be present when his amendment was being discussed, I ask unanimous consent that consideration of his amendment be set aside so that we may take up an amendment by the Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 327

Mr. COOPER. Mr. President, I offer my amendment No. 327.

The PRESIDING OFFICER. The legislative clerk will read the amendment.

The legislative clerk read the amendment (No. 327) as follows:

> On page 79, lines 1, 2, and 3, strike out "(other than services provided in the field of pathology, radiology, physiatry, or anesthesiology)".
>
> Beginning on page 43, line 24, strike out all before the word "furnished" on page 44, line 3.

Mr. COOPER. Mr. President, my amendment would strike from the bill the amendment adopted by the Senate Finance Committee, known as the Douglas amendment. The Senator from Illinois will be present. I told him I would inform him and I have done so. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield time for that purpose?

Mr. COOPER. Yes.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, I hope that the Senators in charge of the bill will respond to questions that I will raise in discussing my amendment.

My amendment goes to a fundamental issue which has been debated during the course of the development of the pending health insurance measure, a measure which has been under development for many years, but particularly since 1960.

The fundamental issue of which I speak is whether this bill, based upon the social security system, will limit in any way the relationship of the medical profession to its patients, either in choice of physician by the patient, the professional decisions that physicians may make with respect to the care of their patients, or even the payment of physicians.

More specifically, my amendment questions whether the relationship between pathologists, radiologists, physiatrists, and anesthesiologists and their patients shall be determined or restricted by legislative enactment such as the pending bill. I believe this is a fundamental issue and that it is of a different nature than issues raised by other amendments which have been discussed and voted on during this debate.

All Senators know that members of the medical profession have generally opposed the pending bill. They have expressed fear and concern that the freedom of their practice may be limited. Whether their fears are justified in every respect, I am not now debating. But it is correct that many have expressed fear and concern that the enactment of the pending bill would ultimately cause the medical profession to be brought under legislative and governmental restrictions—and, some have asserted, compulsion.

This claim of the medical profession has been strongly challenged by the proponents of the bill who have held that such fears are groundless. As a result of this controversy, I believe I am correct in saying that the bill has been developed on the assumption and premise

that members of the medical profession would not be brought into its framework, and that the relationship of the physician to the patient treatment, the decisions concerning or even payment for services would not be disturbed.

The bill approved by the Ways and Means Committee of the House bears out and confirms this assumption. If Senators will refer to pages 78 and 79 of the bill, they will note that the House version of the bill excluded from the term "in-patient hospital services" "medical or surgical services provided by a physician, resident, or intern."

That is, compensation for their services could not be paid from the trust fund supported by social security taxes.

The Senate Finance Committee amended section 1861(b)(4) by adding these words: "other than services provided in the field of pathology, radiology, physiatry or anesthesiology."

The maintenance of the Senate amendment will mean that members of these professions—and they are all members of the medical profession—would be paid for services rendered to patients entering hospital under the provisions of the bill; they would be paid from the trust fund and from social security taxes levied upon employers and employees.

I am informed that the amendment was offered in the Finance Committee by our distinguished colleague the Senator from Illinois [Mr. DOUGLAS].

Knowing him, and knowing his great human qualities, I can understand his concern that necessary medical services be provided to the beneficiaries of the bill.

I recognize also that services performed by members of the professions specified in the Senate amendment are of great value in diagnosis and treatment, and that in some cases they would be indispensable.

Nevertheless, the fundamental issue of whether members of the medical profession are intended to be brought under this bill should be discussed and should be met. The House met it. It maintained the assumption which had been adhered to during development of the bill, that members of the medical profession would not be brought within its framework, and that it would not risk any limitation or restriction or compulsion upon the profession.

I have read the report and hearings on this amendment. It is suggested that the amendment—I am not referring to the Senator from Illinois, but to the report—that this is a measure of procedure and convenience, that certain hospitals have contractual relationships with members of the medical profession; that in some hospitals procedures are in force, under which the hospital bills the patients for services performed by radiologists, pathologists, anesthetists, and physiatrists and the hospitals in turn, pay the physicians. Even from this viewpoint and it does not respond to the issue I have raised, I must say that a rather anomalous and contradictory situation will result from this section of the bill. On one hand a hospital receiving patients under the bill, one where the hospital may have a contractual relationship with specified members of the medical profession, or where it may have a practice of billing patients through the hospital, it would be entitled to secure payment for the services of such physicians from the trust fund, supported by social security taxes, while another hospital, under exactly the same circumstances, with the same members of the profession, would not be entitled to receive payment from the trust fund. The doctors furnishing service would continue to look to the patient for payment.

I am not arguing my amendment upon the basis of differences in method of payment. I wished to raise this question, because I believe it gives some weight to the argument which has been made for 4 or 5 years about this bill, the argument made by the medical profession and many others, that the medical profession may be brought within the scope of this bill.

I speak as one who will vote for the bill. I have voted against it in 1960 and 1964, when it was brought before the Senate after political conventions, when the House had not acted—and it must first act—where there was no possibility of its being passed and we know it was brought out for political purpose. Nevertheless, from my long study of this measure I am convinced of the need. I am convinced that a program such as this will not be supported by appropriated funds, and that the social security system is the best vehicle.

Mr. LONG of Louisiana. Mr. President, this is a very important amendment, and in my judgment it should be the subject of a yea-and-nay vote. In view of the fact that there are only a few Senators in the Chamber, I hope they will join me in requesting the yeas and nays.

Mr. JAVITS. Mr. President, will the Senator withhold that request?

Mr. LONG of Louisiana. Yes.

Mr. JAVITS. I believe that the Senator's suggestion might be a little premature. Perhaps if we could have a little discussion, we might possibly dispel any need for the amendment. The Senator from Kentucky has said that he is raising a question. If we were to freeze it now into a unanimous-consent agreement, we could not move out of that position.

Mr. LONG of Louisiana. I withhold my request.

Mr. COOPER. I believe that the managers of the bill, the committee members who have developed it, who know that these questions have been raised by the medical profession, should shed some light on the situation. Is this a first step which will ultimately and inexorably draw into the framework of the bill the medical profession, and one which will restrict the relationships between patient and physician?

As valuable as this provision is to the patient, in the diagnosis and, in some cases, the treatment of patients, it does raise questions of inequities. Beyond that, it is the one provision of the bill by which doctors—and the named professions are doctors—are to some extent placed under the direction of others who are not physicians and look to the payment of their fees from the Federal trust fund.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MILLER. I point out to my friend from Kentucky that at page 78 of the bill the definition reads as follows:

INPATIENT HOSPITAL SERVICES

(b) The term "inpatient hospital services" means the following items and services furnished to an inpatient of a hospital and (except as provided in paragraph (3)) by the hospital—

Then it includes the categories to which the Senator has referred.

It seems to me that if professional services are furnished by the hospital, as a result of an arrangement which was entered into between a doctor and a hospital, there should not be any particular difficulty with the professional standing of the doctor. I grant that unless one reads the language as I have read it, it may cause some misgivings.

The key language refers to the services being rendered by the hospital. This must be read in light of an arrangement between the hospital and a doctor. If a doctor and a hospital in State A have an arrangement for the services to be provided by the hospital, and if there is an arrangement in State B that they will not be provided by the hospital but by the doctor, instead, it seems to me the standing of the doctors is protected. Does the Senator have any comment to make on that point?

Mr. COOPER. I thank the Senator. That argument has been made. But I must differ with him. These are not hospital services. They are doctors' services. They result from the professional skill and training of the doctor.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. I have received a great amount of mail on the point that is being raised by my distinguished friend from Kentucky. Frankly, I was quite disturbed about the mail I received, because when I returned to Rhode Island several months ago the hospital directors and administrators of Rhode Island were eager to talk with me with regard to the so-called Douglas amendment. They were very much in favor of it. I told them that I would study it, and that I was inclined to go along with it.

No sooner had I made that statement than I was deluged with mail that came to me from doctors who claimed that all of this process would downgrade the medical profession.

I respect the medical profession, and have a high regard for doctors. But I was somewhat surprised that within the family this controversy should arise because, after all, radiologists and doctors who perform that kind of service within the category of which we are talking could not get very far unless they carried out their services in hospitals. I could not understand why the controversy was

being brought to the threshold of my door. I wrote to them and told them that I was very much surprised that if they themselves could not resolve the dignity of the profession that was involved, how did they expect us in the Senate to do so? So we went into the question in considerable detail and this is what developed. I have been told that a legal opinion has been rendered to the effect that the Douglas amendment would leave everything in status quo. Where heretofore the hospitals themselves billed for the services, under the Douglas amendment they would have the right to continue so to bill. But where heretofore the doctors themselves have been billing for those services, if the Douglas amendment were adopted, they would continue to do so. So as far as I am concerned, the Douglas amendment is an act of neutrality. It would leave everything as it has heretofore been. I do not see what we are becoming excited about.

Mr. COOPER. I agree with the statement of the Senator—that two groups are in conflict. Some of the hospitals want the charges of these professions to be cleared through the hospital and paid from the trust fund; the others would not. But some members of the profession are opposed to go beyond these questions of procedure and management, and inquire whether the bill before the Senate would be a first step to bring the medical profession under the operation of social security health insurance system.

Mr. PASTORE. I understand that. They have tolerated it up to now. What is the danger of having the point codified in the law?

Mr. COOPER. It is an entirely different situation. If the bill is enacted, as it will be, the situation with respect to those people would be changed.

Mr. PASTORE. I do not believe so.

Mr. DOUGLAS. Mr. President——

The PRESIDING OFFICER. Who yields time to the Senator from Illinois?

Mr. RIBICOFF. I yield to the Senator from Illinois whatever time he may require.

Mr. DOUGLAS. The Senator from Rhode Island has referred to an opinion which was written by the general counsel of the Department of Health, Education, and Welfare.

Mr. PASTORE. That is correct.

Mr. DOUGLAS. I should like to read the salient paragraph:

> With your amendment the bill will thus preserve complete governmental neutrality as between salaried and percentage compensation of these hospital specialists. It will cover equally all of the forms of practice typical of most of the specialties. It will exclude, however, the majority of anesthesiologists and the occasional pathologist, radiologist, and physiatrist who prefer to work as independent practitioners and to render their own bills directly to their patients, and will remit the services in such cases to coverage under the supplementary health insurance plan.

In other words, the amendment is absolutely neutral insofar as the arrangement which the specialist may or should have with the hospital concerned. Where an arrangement exists under which the hospital bills for the service, that arrangement may be continued, revised or replaced by wholly independent practice depending completely upon the wishes of the specialist and what he works out with the hospital. In the future, as in the past, when the specialist wishes to bill the patient directly and does not wish to have any other agreement with the hospital, his decision will not be affected either way by the committee amendment. In a case in which the doctor had the billing handled by the hospital, but wishes to change the arrangement to wholly independent practice; his carrying this change out will not be limited by the committee amendment. In other words, complete freedom of choice would be given to the hospital and to the doctors to make these agreements, but their freedom of choice is not limited, as the House provision would limit it, to an individual billing practice. The committee amendment would not place any limitation, restriction or compulsion upon the specialists or the hospitals, but the House provision would do so. The committee amendment preserves the status quo.

Mr. President, I ask unanimous consent that the complete text of the letter to which I have referred be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> DEPARTMENT OF HEALTH,
> EDUCATION, AND WELFARE,
> OFFICE OF THE SECRETARY,
> *Washington, D.C., June 2, 1965.*
>
> Hon. PAUL H. DOUGLAS,
> *U.S. Senate,*
> *Washington, D.C.*
>
> DEAR SENATOR DOUGLAS: You have asked me to comment on the assertion by opponents of your proposed amendment No. 156 to H.R. 6675 that it would force or tend to force hospital specialists in the fields of pathology, radiology, anesthesiology, and physiatry to serve as salaried employees of the hospitals.
>
> In my opinion this assertion is without any foundation whatsoever.
>
> The effect of your amendment would be to include the services of these specialists in the definition of "inpatient hospital services" (sec. 1861(b)). Paragraph (3) of this definition embraces diagnostic or therapeutic services "furnished by the hospital or by others under arrangements with them made by the hospital." This wording plainly renders it immaterial whether the service is furnished "by" the hospital through its salaried employees, or "by" a specialist working under lease, concession, or any of the many other forms of contract which now exist between hospitals and specialists or which may be developed in the future. This conclusion is subject only to the condition (sec. 1861(w)) that billing for the service be by the hospital "whether in its own right or as agent" for the physician.
>
> With your amendment the bill will thus preserve complete governmental neutrality as between salaried and percentage compensation of these hospital specialists. It will cover equally all of the forms of practice typical of most of the specialties. It will exclude, however, the majority of anesthesiologists and the occasional pathologist, radiologist, and physiatrist who prefer to work as independent practitioners and to render their own bills directly to their patients, and will remit the services in such cases to coverage under the supplementary health insurance plan.
>
> Sincerely yours,
>
> ALANSON W. WILLCOX,
> *General Counsel.*

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. COOPER. Is it not correct that this difference would exist? In hospitals whose procedure is that the hospital bills for the services of the professions specified in the Finance Committee amendment, if the practitioner agreed to it, he would be paid from the trust fund and supported by social security taxes.

Mr. DOUGLAS. He would be originally paid by the hospital, or, in most cases, would receive an agreed upon percentage of the income of that department from its services to all patients, and the hospital would collect for covered services to beneficiaries. But this would only occur if the specialist wanted it that way.

Mr. COOPER. But the payment would come from the trust fund. On the other hand, in hospitals which do not follow such a procedure of billing, although the same type of valuable services would be performed by members of the same profession. That member of the profession would not be paid from the trust fund, although the service would be rendered beneficiaries, under the bill. That would be correct, would it not?

Mr. DOUGLAS. I believe that that is an argument for the position of the Senate Committee on Finance. It is true that where the individual medical specialist and the hospital reach an agreement that the hospital is to collect from the patient and then is to pay the doctor on an agreed basis, whether on a salary basis or on a percentage basis, that practice would continue. Where there is not this type of voluntary agreement, these services would have to be covered under the voluntary insurance program, part B, subject to the patient paying the initial deductible of $50 and 20 percent of the charge thereafter.

Where covered under plan A the source of funds would be the trust fund, but it would be the hospital which would make the payment. Any control by the Department of Health, Education, and Welfare would be minimal, and there would be none attributable to the committee amendment.

Mr. COOPER. It is, then, the one case in the bill in which members of the medical profession would be brought within the framework and scope of the Health Insurance Act.

Mr. DOUGLAS. That would be so only if the medical specialist himself voluntarily should choose to have it so.

Mr. JAVITS. Mr. President, will the Senator yield briefly?

Mr. DOUGLAS. I yield.

Mr. JAVITS. I should like to clarify one thing. It has been stated that no doctors are included in the social security aspect of the program. That is not strictly so, because in lines 6 and 7, page 79, there is an indication that the services of an intern would be included.

Mr. DOUGLAS. That is correct.

Mr. JAVITS. That is very important, because the intern is at one end of the scale. He is in the hospital in residence, in training, but he is a doctor. Excluded are "physician, resident, or intern," meaning that he is in residence—the gen-

eral physician, not there for the 3 years to practice, as it were.

Referring to the lines from line 25 on page 78 to line 1 at the top of page 79, we find that he would be excluded. The specialist in pathology, et cetera, would fall somewhere in between. I was wondering whether it might not help the Senator from Kentucky and the Senator from Illinois, the author of the amendment, if there were inserted after the words "anesthesiology," at line 3, also the same words that appear in lines 20 and 21 on page 78, namely "under arrangements with them made by the hospital."

In other words, as the measure is written, unless the provision is tied to pathology, and so forth—to the words which go in another paragraph altogether, but I think clearly refer to it—one might construe this to mean that it is intended that every practitioner in pathology or other specialty must look to the social security plan, whereas that it is not intended.

Mr. DOUGLAS. The Senator is correct that the committee amendment in no way forces coverage of the specialists services under plan A.

Mr. JAVITS. I know that that does not fully satisfy the Senator from Kentucky; but at least it can be nailed down to the colloquy which, I understand from the junior Senator from Iowa [Mr. MILLER] was had between the senior Senator from Iowa [Mr. HICKENLOOPER] and the Senator from New Mexico [Mr. ANDERSON], by making it clear that this is evolutional by the specialists. However it may vary from hospital to hospital, nonetheless it is still within his control. So theoretically if all the pathologists and other specialists got together and said, "We make it a rule that we will not deal with the hospitals in that way," that would be the end of it.

Mr. DOUGLAS. I do not think this additional language is necessary. I have still another letter from the General Counsel of HEW, dated July 1, which states that a suggested similar clarification is not necessary; and states further that as far as this legislation and the committee amendment are concerned the specialist is clearly free to withdraw from such a commitment at any time. I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, OFFICE OF THE SECRETARY,
*Washington, D.C., July 1, 1965.*

Hon. PAUL H. DOUGLAS,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR DOUGLAS: Your letter of June 29 asked me to comment on a proposal by the executive administrator of the Illinois State Medical Society for clarification of your amendment to H.R. 6675 relating to the in-hospital services of medical specialists.

I agree with your view that clarification is not necessary, and that your amendment already accomplishes what the proposed language apparently seeks to accomplish. Your amendment would cover the services of these specialists only when payment for their services is made to the hospital, either in its own right or as agent for the specialists, and such arrangements can exist only with the consent of the specialists. A specialist is clearly free to withdraw from such an arrangement at any time except as his contract with a hospital may limit his freedom, as for example by requiring a fixed period of notice prior to termination.

If a specialist should withdraw from such an arrangement his relation with the hospital thereafter, including his continuance as head of the hospital department, would of course be a matter for negotiation between the specialist and the hospital. If a new arrangement were worked out, the coverage of his services under your amendment would depend on whether the new arrangement provided that payment for his services should be made to the hospital. Thus, the effect of your amendment as it stands is precisely what I understand your correspondent desires.

Let me take this occasion to thank you for your note of June 17. I appreciate greatly your thoughtfulness in writing.

Sincerely yours,

ALANSON W. WILLCOX,
*General Counsel.*

Mr. DOUGLAS. Mr. President, I call attention also, in part I of the report, at page 27, to the following statement:

The committee believes that it is not wise to separate the billing for these medical specialities. Therefore, the committee bill provides that where the services in radiology, anesthesiology, pathology, and physiatry are arranged for and billed through a hospital they will be covered under the basic hospital insurance plan. Conversely, where the arrangement is that the specialist is not paid by or through the hospital, reimbursement for the services will be made under the voluntary supplementary plan.

May I say that the Iowa law is also neutral on this question of whether the specialist should have an arrangement with the hospital other than wholly independent practice and this neutrality is continued by the committee amendment; whereas the House bill would interfere with hospitals and medical specialists reaching any other type of agreement on this point or continuing such an existing agreement.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. RIBICOFF. I have listened to the discussion with great interest. I think I understand the concern of the distinguished Senator from Kentucky. I should like to state the reason for the arrangements that have been mad under the Douglas amendment.

First, were we to adopt the amendment of the Senator from Kentucky, we would actually be raising hob with established hospital practices throughout the United States. Hospitals throughout the Nation are deeply upset at the prospect that we are proposing suddenly to upset arrangements that have been in existence for 15 or 20 years.

The hospitals point out the vital difference between the type of services that are included and the general medical practice. We who have had experience with hospitals know that one may choose his own surgeon, if he needs a surgeon, in Louisville, for example. The surgeon is the man with whom the patient has contact. Very few persons will select their anesthetist, radiologists, or pathologist. These are the specialist. Basically, the average doctor practices in a competitive market. If one has an internal problem or a surgical problem, he chooses his own surgeon or internist. But when it come to radiology, pathology, or anesthesiology, he is dealing with persons he does not necessarily know.

Furthermore, the doctors who engage in the specialties do not operate as independent practitioners, because most of them operate within a hospital complex. They have acquired materiel, laboratories, and assistants that are supplied and paid for by the hospitals themselves. Therefore, when a pathologist, radiologist, or anesthetist works on a patient, he does not necessarily do so as an individual, but as a member of a team using technicians to perform services for him.

Every hospital tells us that should the provisions of the Douglas amendment be removed from the bill, the cost of hospitalization would be increased significantly. Consequently, we find almost unanimity among hospital administrators across the country; and the American Hospital Association, which represents the hospitals in this country, has been strongly in favor of the Douglas amendment. They believe that in the absence of the Douglas amendment, there would be virtual anarchy in the proper operation of hospitals.

For a further explanation of the situation, I respectfully refer Senators to page 637 of the hearings, where Dr. Albert W. Snoke, executive director of the Yale-New Haven Hospital and the Yale-New Haven Medical Center, New Haven, Conn., sets forth the position of a hospital administrator.

Dr. Snoke, an outstanding physician, an outstanding director, and also an outstanding teacher at Yale Medical School, in a lengthy explanation and analysis, sets forth what would happen if an individual were cared for by a hospital and then, instead of being billed by two or three doctors, suddenly found himself billed by seven, eight, or nine doctors, thus causing great confusion.

Consequently, the committee gave great attention to this specific point at the hearings because of the controversy that was raised. The amendment offered by the Senator from Illinois [Mr. DOUGLAS], which the Cooper amendment seeks to delete, was adopted by a substantial majority in the committee.

Mr. DOUGLAS. That is true. It has the dual advantage of greatly diminishing administrative costs to the hospital and insuring larger benefits to the aged patients.

Mr. MILLER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Yes. My time is running out rapidly, but I am glad to yield briefly.

Mr. MILLER. I wish to emphasize one other point which possibly might help the Senator from Kentucky. He is concerned about that part of the bill which provides that when the services are furnished by the hospital, the proposed action might impinge on the professional standing of doctors. If the furnishing of the service by the hospital were done in such fashion as actually to impinge on the professional standing of doctors, it

would probably be ruled by the State in which the action took place, as an unauthorized practice of medicine by a corporation. Therefore, the amendment brings out even further the neutrality of the provision which we are discussing. If in one State the furnishing of such services by a hospital constitutes the unauthorized practice of medicine, such practice will not be allowed. If in another State, it is permitted, why worry about it? The State and the medical board will have been satisfied that the professional standing has been preserved.

Mr. DOUGLAS. If the committee amendment were deleted, this provision of the bill would be in direct conflict with the arrangements expressly permitted by the Iowa State law.

Mr. RIBICOFF. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. RIBICOFF. The Senator from Kentucky realizes, as the Senator from Iowa has brought out, that there are varying practices throughout the United States. In the case of a large city hospital, it will invariably be found that the particular specialists have a full time job, for which they receive substantial salaries. Or they may be employed on a fee basis and be paid so much a case. But there may be a situation in which the hospital is located in a small town, where there is not enough work to keep a specialist busy all day. The specialist then works in the hospital under a special arrangement. He may work a half a day for the hospital, on either a salary or a fee basis, and the rest of the day practice his specialty privately.

The genius of the Douglas amendment is that it preserves the status quo and reflects the practice that has grown up in every community throughout the United States.

We have been careful in drafting the Douglas amendment to make certain that we are not putting any new practices, new philosophy, or new ideas into the practice that now prevails in hospitals throughout the Nation.

Mr. COOPER. Mr. President, I yield such time to the Senator from North Carolina as he may desire. I expect to withdraw the amendment.

Mr. ERVIN. Mr. President, there is much to be said in favor of the amendment of the senior Senator from Illinois, The position expressed by the Senator from Kentucky is identical with the view that I entertain. For that reason, I wish to associate myself with his remarks and place my approval on what he has had to say on this subject.

I thank the Senator from Kentucky for yielding to me for that purpose.

The PRESIDING OFFICER. Who yields time?

Mr. LONG of Louisiana. Mr. President, I yield 5 minutes to the senior Senator from Illinois.

"MEDICAL SPECIALISTS" AMENDMENT

Mr. DOUGLAS. Mr. President, the change made in the House bill by the Finance Committee which the Senator from Kentucky's amendment would strike is in fact an important improvement in the House bill. The Senator's amendment would strike the amendment which I offered in committee for myself and Senators Moss, NEUBERGER, HARTKE, JAVITS, KENNEDY of New York, and MCNAMARA. This amendment restores the original provision of the King-Anderson bill relating to the coverage of the services of medical specialists under the basic hospitalization plan.

The Finance Committee adopted this amendment, No. 156, to provide, in the words of the Senate committee report: "that where the services in radiology, anesthesiology, pathology, and physiatry are arranged for and billed through a hospital they will be covered under the basic hospital insurance plan. Conversely, where the arrangement is that the specialist is not paid by or through the hospital, reimbursement for the services will be made under the voluntary supplementary plan."

As the bill came over from the House, the services of these four medical specialists were excluded from coverage under the basic hospitalization plan. The House bill would provide coverage for the hospital services of these specialists only under the voluntary supplementary plan and, therefore, only when a separate bill is rendered for such services.

Although, initially, there was some misunderstanding of my amendment, we later redrafted the amendment to place it in a different line of the bill to remove any possible confusion, I think it is now clearly understood and admitted that the purpose of the amendment is to accommodate the hospital insurance system to all the various arrangements which have been worked out between hospitals and specialists. These arrangements include salaried practice, percentage arrangements of many kinds, leases and other concessions, as well as wholly independent practice. Without this amendment, H.R. 6675 would compel renegotiation of all existing arrangements between the hospitals and the specialists, except those for wholly independent practice.

In addition, H.R. 6675 in the form in which it came over to us denies to the patients protection they otherwise would have against a significant proportion of the customary and essential costs of hospital care in many hospitals. It does this in the following manner: First, those who do not elect to come under plan B are required to pay the entire cost of the services of these hospital specialists. This comes to an appreciable proportion. Second, those who do elect the voluntary contributory plan B will have to pay as their share one-fifth of these costs as their share in coinsurance plus the share which these services may form of the initial deductible under plan B of $50 per calendar year.

In effect, the Federal Government would be interferring in the relationships which the hospitals and specialists have worked out and decidedly would put pressure on the hospitals and the specialists to give up salaried practice—which is estimated by some to include 60 percent of hospital pathologists and 25 percent of radiologists—as well as percentage arrangements, probably including most leases. The Senate Finance Committee rightly concluded, in my judgment, that "The committee believes that it is not wise to separate the billing for these medical specialties."

The amendment adopted by the Senate Finance Committee, therefore, merely restores under the basic hospitalization plan the same practice followed by prevailing medical or hospitalization plans in this country. Private hospital insurance, for example, includes coverage of the costs of the services of the medical specialists where the hospital bills the patients for those services. Blue Cross hospitalization insurance includes the coverage of these costs. The Kerr-Mills plan for public assistance pays for the services of these hospital specialists. Federal employees health insurance programs also pay for these services. The medicare program for the dependents of the members of the Armed Forces pay for these services. It would be highly inconsistent for the hospitalization program for the aged not to continue this practice.

Every element of the legislative history of this amendment, which restores the original provision of the King-Anderson bill, shows that there is no intent, as has been alleged, to have the Government make "hospital employees" of the medical specialists in these four fields. The amendment keeps the hospital care for the aged legislation absolutely neutral with respect to which agreement the hospitals and the medical specialists work out among themselves now or in the future. Additional assurance of this is given in the letter dated June 2, 1965, signed by the General Counsel of the Department of Health, Education, and Welfare, which I have already read into the RECORD. Mr. Willcox's letter is in response to my request for his official comments on the assertion that this amendment would force or tend to force hospital specialists in the four fields to serve as salaried employees of the hospitals. In it, he has stated the reasons why such an assertion, in his words, "is without any foundation whatsoever."

Assurances are given, also, Mr. President, in the additional reply which I received from Mr. Willcox to a request from the executive administrator of the Illinois State Medical Society suggesting the addition of certain language to the amendment in order to clarify its intent further. It appeared to me, on the face of it, that additional language was not necessary. Mr. Willcox agreed, but has replied with further assurances on the meaning of the amendment. I have added these further assurances to the legislative history by reading the letter into the RECORD a few minutes ago.

II

Mr. President, my chief concern in offering this amendment was that the action of the House in excluding these services from coverage, thereby making a fundamental change in the King-Anderson proposal, constituted a serious reduction in benefits to many of the elderly people who will be the beneficiaries of this hospital and health care program. The House bill does provide coverage under the basic hospitalization plan for the services of nonmedical

technicians in these fields and for the overhead costs of these services, but the exclusion of the services of the medical specialists themselves is estimated to be a reduction in benefits of about 4 or 5 percent of the total hospital costs of a patient. Moreover, the exclusion of these services means, as many witnesses have pointed out, that the patient-beneficiary would be denied coverage for these services which are essential to the care of hospitalized illness unless he had elected the supplementary plan coverage. And, of course, even then he would be subject to the $50 deductible and the 20-percent coinsurance feature for these services. So the action of the Senate Finance Committee, in my judgment, restores an important area of benefits to the basic hospitalization plan.

An impressive statement pointing out the reduction of benefits made by the House exclusion of these services was made to the committee by Mr. Nelson Cruikshank, director of the Department of Social Security, AFL–CIO. He said:

> While the combination of these two plans does indeed provide far more comprehensive protection than that envisaged in any of the previous proposed plans, there are some matters that cause us concern. The first is a reduction of the benefits in the basic plan, as contrasted with the proposals of H.R. 1, and S. 1. This latter measure—as well as it King-Anderson and Forand bill predecessors—provided that all services furnished to an inpatient of a hospital, by the hospital, including services in the fields of pathology, radiology, physiatry, and anesthesiology would be covered among the basic in-hospital services. Under the terms of H.R. 6675, that part of such services that is provided by a physician would be excluded from the basic hospital benefits. Coverage would be limited to partial reimbursement for the physician's fee under the terms of the supplementary program.
>
> In our view, this change results in a substantial reduction in benefits under the basic plan, as a result of shifting coverage of hospital-based specialists' services from the basic program to the supplementary program. Instead of full coverage for these services, the individual would be entitled only to reimbursement subject to the $50 overall deductible for 80 percent of the specialists' fees. And he would be entitled to this only if he were enrolled in the supplementary program.
>
> In actual fact the benefits in the basic plan would be further reduced under this provision because, as a result of changing the terms under which payment for these services could be made, the cost of hospital-based specialists' services could be expected to rise sharply—both for beneficiaries and nonbeneficiaries. Experience with existing plans such as Blue Cross has demonstrated that the total cost to patients, or third-party payers, for these hospital-based specialists' services is substantially smaller when these services are provided as part of total hospital services than when they are provided by the specialists charging on a fee-for-service basis.

Mr. President, the reduction of benefits made by the exclusion in the House bill, which the Senator from Kentucky would again take out, is most clearly shown with respect to hospital outpatient diagnostic benefits. Under the House version, an eligible beneficiary would receive the tests and related services that hospitals ordinarily furnish to patients for diagnostic study but not those performed by the hospital specialists. The deductible applicable to this benefit, as provided in the House bill, is $20 for diagnostic services furnished to the patient by the hospital during a 20-day period. The Senate bill would add a 20-percent copay feature. It is important to understand how this would work in actual practice. The most common hospital outpatient diagnostic studies involve either radiological examination or laboratory tests. Under H.R. 6675 as it came from the House, the hospital would be reimbursed only for its costs exclusive of the compensation of physician-specialists, presumably for the supplies, salaries of technicians, and overhead attributed to the services rendered. Without including any fee for the radiologist to interpret the X-rays or the pathologist to report on the laboratory test, the hospital's reasonable costs are often unlikely to exceed the $20 deductible figure. Hence, many of the eligible aged would have to pay out of their own pockets all of the costs of the outpatient diagnostic services they receive in hospitals.

The alleged compensatory factor is that the eligible aged outpatients who have elected the voluntary medical coverage can have the physician's fee paid by the supplemental medical insurance. But what of those who fail to elect this coverage? Moreover, the deductible under the voluntary supplemental medical plan is $50 a calendar year. Therefore, if reimbursable expenses of less than $50 are incurred by the patient in the calendar year he will receive no benefits for these specialist services under the medical insurance plan. In fact, the hospital deductible of $20 may be added to the medical deductible of $50 to provide an effective deductible of $70. Moreover, the voluntary supplementary plan would cover only 80 percent of the patient's bill above the deductible.

Under the amendment adopted by the Senate Finance Committee, however, the eligible patient would receive both the testing and the services of radiologists and pathologists in the hospital out-patient diagnostic facilities. The hospital would be compensated under the basic plan and the medical specialists would receive remuneration through the hospital if such an arrangement exists. Where the hospital bills for the services of the medical specialists, the patient would face only a $20 deductible, but not an out-of-pocket payment of the $50 deductible plus 20 percent of the bill. Indeed, the patient might be so caught in a combination of plans A and B that in some cases the deductible would be as high as $70 plus 20 percent of the bill. And it should never be forgotten that those who did not choose to come under plan B would bear the full load for the services of the hospital specialists.

III

My second concern from the point of view of the patient-beneficiary of the House exclusion of the services of the hospital specialists from coverage under the basic plan is the unnecessary confusion which would be brought about by this interference in the present established patterns of reimbursement for these services. As the Senator from Connecticut has pointed out, excellent testimony in this regard was given to the committee by Dr. Albert W. Snoke, executive director of the Yale-New Haven Hospital of the Yale-New Haven Medical Center in New Haven, Conn. Dr. Snoke is also a professor of hospital administration in the Department of Epidemiology and Public Health of the Yale University School of Medicine and a past president of the American Hospital Association.

Dr. Snoke cites two patients' overall bills from his hospital files in a summary table to show the complex of separate billings which would face the patients if this exclusion is maintained. One of the patients would have received two separate bills from the physicians who were directly concerned with him as personal physicians plus nine additional separate bills from physicians who were concerned with professional services involved in his care but who had minimal to no personal contact with the patient. The second patient would have received two separate personal physician bills and in addition seven more professional bills from physicians associated with hospital-based medical specialties. Dr. Snoke correctly suggests that if these examples are confusing to the Members of the Senate they need only multiply this confusion by the some 14 million individuals who will be patient-beneficiaries immediately following enactment of this legislation.

Mr. President, I ask unanimous consent that excerpts from Dr. Snoke's letter, the whole text of which appears at page 637 of the Senate hearings, be printed at this point in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

> The provision of efficient and economical hospital and medical care to patients in this country is extremely complex and is growing in complexity daily. It is just as difficult to differentiate precisely between what constitutes nursing care and medical care as it is to differentiate between hospital care and medical care. Hospital and medical services in such hospital-based medical specialties as radiology, pathology, anesthesiology and physiatry are part of the total health care services provided in a hospital and are in sharp contrast to those medical activities in which an individual doctor acts as a personal physician to an individual patient.
>
> This complexity requires the utmost flexibility in the development of professional and financial relationships so as to permit physicians and hospitals at the local level to establish agreements that will provide the highest quality of care to the patient in the most efficient and economical manner.
>
> This understanding is clearly emphasized in S. 1 and H.R. 6675, title XVIII, section 1801, "Prohibition Against Any Federal Interference" in which it is stated that "nothing in this title shall be construed to authorize any Federal officer or employee to exercise any supervision or control over the practice of medicine or the manner in which medical services are provided, or over the selection, tenure, or compensation of any officer or employee of any institution, agency, or person providing health services; or to exercise any supervision or control over the administration or operation of any such institution, agency, or person."
>
> This is an excellent statement of principle—but is inconsistent with the present text of the bill in which traditional, long-

standing, and satisfactory financial and administrative arrangements between hospitals and radiologists, anesthesiologists, pathologists, and physiatrists are arbitrarily and markedly changed. Amendment No. 156 would again permit hospitals and individual physicians to develop their own financial and administrative relationships in the same flexible pattern that has obtained in the past and which has resulted in equitable and satisfactory arrangements * * * [will] result from the present bill unless amendment No. 156 is accepted. One can understand the potential chaos that will result under the existing bill only if one analyzes the actual procedures by which hospitals and physicians would have to operate under the present provisions of the proposed bill. The confusion is serious enough for those familiar with hospital and professional billing—it would be virtually impossible to explain the necessary procedures to many of our elderly patients.

I have taken two patients' bills from the hospital files. The first case is a 79-year-old male with cancer of the prostrate gland and with a cardiac complication. The second is a case of a 75-year-old female with a cataract operation but also with a cardiac complication. In both cases, the professional services of many separate individual physicians on the hospital medical staff were involved. The patients also had their own personal physicians.

The following table summarizes the professional fees charged by the personal physicians and also the value of the professional component of the hospital-based medical specialties if separate professional fees based upon costs were to be presented by each of the other physicians:

*Individual physicians involved in the hospital care of 2 elderly patients*

| | 79-year-old male, cancer, prostate gland | 75-year-old female, cataract operation |
|---|---|---|
| Physicians rendering a bill for personal professional services: | | |
| Surgeon | [1] $350.00 | [1] $300.00 |
| Cardiac consultant | [1] 50.00 | [1] 50.00 |
| Individual physicians providing professional services through hospital-based medical specialties: | | |
| Anesthetist | [2] 60.00 | [2] 27.30 |
| Radiologist | [2] 50.00 | ---------- |
| Clinical pathologist: | | |
| Blood bank | [2] 5.00 | [2] .50 |
| Clinical chemistry | [2] 3.00 | [2] .30 |
| Clinical microscopist | [2] 5.00 | [2] .30 |
| Clinical microbiologist | [2] 7.00 | [2] .70 |
| Pathologist, tissue | [2] 7.50 | ---------- |
| Electrocardiologist | [2] 3.00 | [2] 3.00 |
| Cardiopulmonary, inhalation therapist | [2] 3.00 | [2] 4.00 |

[1] Actual bills presented to the patient for personal professional services.

[2] Value of professional component of hospital-based medical specialties now covered under hospital bill but for which separate professional bills would need to be rendered under S. 1 and H.R. 6675.

The man with cancer of the prostate gland would have received two separate bills from the physicians who were directly concerned with him as personal physicians plus nine additional separate bills from physicians who were concerned with professional services involved in his care but who had minimal to no personal contact with the patient.

The woman with the cataract operation would also have received two separate personal physician bills and in addition seven additional professional bills from physicians associated with hospital-based medical specialties.

The above illustration of multiple professional bills illustrates the problem that the implementation of S. 1 and H.R. 6675, as currently written, will present. It is almost impossible to outline an understandable procedure by which 9 to 11 separate doctors' bills, ranging from $0.30 to $350, would be presented to one patient in which the patient not only has to decide how to apply the deductible requirement of $50 but also to calculate how much is owed the 11 physicians on the 80- to 20-percent division. If this is confusing to the Senate Finance Committee, multiply this confusion by some 14 million individuals aged 65 or more. Amendment No. 156 would enable hospitals and physicians to continue under present established and satisfactory patterns of reimbursement in this regard.

Unless S. 1 and H.R. 6675 is amended as indicated, the expense to the patient and to the public in general will be substantially increased. Reference to the previous table indicates the costs currently paid by individuals or third parties for the hospital-based professional services received under our present system of reimbursement. It can be categorically predicated that there will be no such individual professional fee charges, especially in the smaller amounts shown in the above table, if submission of individual professional fees is required. The expense of separate billing and collection procedures in addition to minimal professional fee charges will increase the charges and the cost of professional care substantially.

IV

Mr. DOUGLAS. Mr. President, a third general concern of those of us who sponsored the amendment is the effect of the exclusion of the House bill on the quality of hospital care and efficiency of hospital administration. It is no news to the Senate, I am sure, that the American hospital administrators and their boards of directors are overwhelmingly and vehemently in support of the amendment adopted by the Senate Finance Committee and are opposed to its elimination. I earlier wrote the directors of each of the hospitals in Illinois to ask their view of the exclusion and I have put most of the responses I have received in the CONGRESSIONAL RECORD. Administrators of approximately 60 percent of the hospitals replied to my letter and their opinion was unanimously for Senate action to restore coverage of these services along the lines of my amendment. No Illinois hospital administrator replied to me that he disagreed with the amendment. Even those who were cool to the general purposes of the medicare legislation were strongly for the amendment which the committee adopted.

Mr. President, the American Hospital Association took an early strong stand in support of the amendment adopted by the Senate Finance Committee. Their official statement, sent to me in a telegram signed by Dr. Edwin L. Crosby, executive vice president of the American Hospital Association, is a concise and impressive statement of what the House exclusion would mean to American hospitals. I ask unanimous consent that this telegram of April 5, 1965, be printed at this point in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
*April 5, 1965.*

Senator PAUL DOUGLAS,
*U.S. Senate, Washington, D.C.:*

In reply to your wire the American Hospital Association takes the position that radiology, pathology, anesthesiology, and physiatry services in hospitals are essential to the provision of high-quality patient care in the hospital and thus are basic hospital services. Exclusion of these services would seriously retard the continued development, so striking in the past few decades, of the modern hospital as the central institution in our health service system. The association's historic policy position that radiology, pathology, anesthesiology, and physiatry are hospital services was clearly enunciated on February 7, 1957, by our board of trustees when it acted to include these benefits as benefits of prepaid hospitalization benefit plans. Fragmentation of the components of hospital service not only will confuse the public through a multiple billing approach and cost them more, but more importantly could endanger the quality of patient service in the hospital by diminishing the administrative controls necessary for the optimum delivery of these services, coordination of which is so essential to high-quality hospital care.

The association maintains the position that these services including the professional activity of the specialist are a proper part of hospital reimbursable costs. In testimony before the House Ways and Means Committee in its hearing on similar legislation in July 1961, we urged that these medical specialist's services be included in the hospital benefits proposed and we argued strongly against the deletion of such specialist's services from the bill.

More recently we expressed our support of the provision of such services as it was incorporated in H.R. 1. We opposed interference by the Congress in the local arrangements developed through the Nation by the individual specialists and the hospitals concerned. We were distressed that the services of these specialists were removed from the definition of hospital services in H.R. 6675. We believe that this interferes with existing relationships between hospitals and physicians and tends to dictate a nationwide pattern prescribed by the Federal Government. The present provisions of H.R. 6675 in respect to these specialists will, we believe, seriously disturb the existing relationships throughout the Nation and may as above noted, threaten in certain instances efforts to improve the quality of patient care. It is certain to face aged beneficiaries with a substantial reduction in the benefits they will receive under the legislation.

The longstanding arrangements developed by many Blue Cross plans will be imperiled. The administration of the overall program will become enormously more complicated. The required total separation of the particular physician's services involved from the departmental costs of hospitals will require nationwide renegotiation of contracts between hospitals and specialists and between hospitals and third party agencies. The effects will most likely be extended overall to hospital patients. We strongly urge the reinstatement of the services of these specialists as a part of hospital services in the legislation you finally pass.

EDWIN L. CROSBY, M.D.,
*Executive Vice President, American Hospital Association.*

Mr. DOUGLAS. Mr. President many other witnesses and organizations supplied impressive testimony in support of the adoption of this amendment. I want to call particular attention, however, to the excellent letter I received from Mr. I. W. Abel, then the secretary-treasurer and now the president of the United Steelworkers of America. On behalf of the United Steelworkers of America, Mr. Abel objects to the House exclusion on the grounds, first, that any further fragmentation of health care service must necessarily result in a deterioration of the

quality of medical care and, second, that the proposed exclusion will significantly increase costs unnecessarily. It should be noted, that on the basis of studies by Blue Cross, Mr. Abel estimates that excluding these medical specialists from plan A would result in increased costs to the aged of approximately $55 million a year.

I ask unanimous consent that Mr. Abel's letter of May 14, 1965, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STEELWORKERS OF AMERICA,
*Pittsburgh, Pa., May 14, 1965.*

Hon. PAUL H. DOUGLAS,
*Committee on Finance,*
*U.S. Senate, Washington, D.C.*

MY DEAR SENATOR DOUGLAS: The United Steelworkers of America, by resolution of its last constitutional convention, wholeheartedly supports the enactment of legislation to provide Federal health care insurance for the aged. We join the vast majority of labor and the American people in supporting in principle the amendments to the Social Security Act recently passed by the House of Representatives. I am writing to object, however, to the provision of the House bill which excludes payment for the traditional and customary hospital services dispensed by such hospital personnel as radiologists, pathologists, anesthesiologists, and physiatrists. Since these services are as essential and integral part of hospital care they are now typically paid for as part of the hospital's bill for all services rendered—particularly in our older and better hospitals.

My objections to this uncalled-for and radical change in the method of remunerating certain categories of hospital personnel are essentially (1) that any further fragmentation of health care service must necessarily result in a deterioration in the quality of medical care, and (2) the proposed exclusion will significantly increase costs unnecessarily. The only purpose served by the exclusion from the act of payment of these hospital services is to unjustifiably enrich certain categories of physicians at the expense of the public.

There is no evidence that specialists working for hospitals have been treated ungenerously. To the contrary, the years of underproduction of all physicians has resulted in serious shortages of the categories of physicians who traditionally are employed by hospitals and, as classical economic theory would predict, increased competition for the services of these scarce medical specialists has resulted in extremely rich rewards for their services. The exclusion of these specialists from hospital payrolls and the granting of an unregulated monopoly to them by Federal statute is against the public interest.

In the unlikely event the monopoly was granted, only the public regulation of fees charged could prevent vast increases in the costs for these essentials hospital services.

The effect of the proposed exclusion would be to turn hospitals into a mere building of sleeping rooms for the sick and injured, with essential hospital services turned into profitmaking concessions handed over to uncontrolled private individuals who would have monopoly power to determine the quality and type of services, and to charge whatever they pleased. Our hospitals are and should continue to be medical institutions designed to give acutely disabled patients access to the most advanced diagnostic and treatment facilities and personnel. The expansion of hospital facilities and personnel should not be left to the anticipation of profit by business-minded doctors, but should be based on the rational allocation of resources by the hospital's public trustees based on the growth and development of the techniques of medical science, and the growing wealth of communities and the Nation.

Hospitals have developed to their present vast size and importance because where serious illness is involved, present-day medicine cannot be practiced out of a medical bag. What makes a hospital a medical center are its arrays of scientific equipment and its team of medical specialists—doctors, nurses, and technicians—who provide the scientific and technical services to the practicing physicians. If hospital services are to be provided in an effective fashion they must be supplied by professional personnel whose loyalties and responsibilities are exclusively to the hospital medical team. To be part of the hospital team these technical specialists must be paid by the hospital. I believe that the preservation of our present pattern of hospital organization is true conservatism—the conservation of an institution that has proven effective and economic alike to the public, to the hospitals, and to the physicians.

An effort was made several years ago to eliminate from the Western Pennsylvania Blue Cross plan coverage of X-ray, laboratory and anesthesia services provided in hospitals. These proposals were placed before the then Insurance Commissioner of Pennsylvania, the Honorable Francis H. Smith, who decided that the traditional practice of paying for these services as hospital services should not be upset.

In connection with these proceedings, the Blue Cross made a study of the costs involved if the proposed reduction of covered services had been granted. The Blue Cross has updated the study and the figures are as impressive today as they were 8 years ago, when the study was first made. The Blue Cross current estimates for the Nation are as follows:

1. If the hospital X-ray services were to be paid for separately, these costs would be increased approximately $252,500,000.

2. If laboratory services were to be paid for separately, an additional cost of $250 million would be incurred.

3. Separate payments for anesthesia services would increase costs approximately $88 million.

In summary, it is estimated that a change in the method of paying for the services of the doctors of radiology, pathology, and anesthesiology from covered hospital services to individual fees for service would raise the medical expenses of the country by almost $600 million for these three medical specialties alone. If applied only to the aged, such a change would immediately add a cost of $55 million to the bills of persons over the age of 65.

I sincerely hope that your committee will find the proposed change in our present method of paying for hospital services to be against the public interest, and will strengthen, not weaken, those time tested ways of paying for hospital services which have steadily improved the quality of medical care provided in and by American hospitals.

Respectfully yours,

I. W. ABEL,
*Secretary-Treasurer.*

Mr. DOUGLAS. Mr. President, I think it important to note that amendment No. 156 had the strong support of the administration, as well as of representatives of the group practice plans, the hospitals, and many other groups and authorities.

Now Mr. President, while it is true that the national associations of the pathologists, radiologists, and anesthesiologists have all opposed my amendment—although those opponents who have come to understand it seems to have modified their feelings—it does not follow that these specialists unanimously have opposed the amendment. The number of individual dissents we have heard may be too small to be statistically important, vigorous though some of them have been. But we must not overlook the fact that virtually all hospital pathologists and radiologists, and considerable numbers of those in the other two specialties, have long been practicing, and are practicing today, under agreements permitting their services to be arranged for and billed through the hospital. This is and has been true even though these specialties are in short supply and their bargaining position is strong.

Here and there, it is true, the matter has become an issue, but when it has, the issue has generally been resolved—as it was resolved in the one instance where the issue went to court—in a manner wholly compatible with my amendment. I find no evidence that the specialists in our hospitals across the country are clamoring for the radical change in their arrangements which the House bill would have forced upon them.

Mr. President, inasmuch as the State of Iowa is the case I have referred to in which this matter became an issue and was settled through court action and specific legislation, and inasmuch as the senior Senator from Iowa [Mr. HICKENLOOPER] raised a question about the effect of my amendment yesterday, I think it appropriate to add this comment to the response made yesterday by the senior Senator from New Mexico.

As I understand it, and I have consulted with the General Counsel of the Department of Health, Education, and Welfare about this, the Iowa law expressly permits hospitals to bill for the services of radiologists and pathologists and permits the hospitals and specialists to agree on sharing the income of the specialist departments. I further understand that this is the prevailing practice in Iowa.

I would point out to the Senate that the Iowa law clearly contemplates that the entire medical and nonmedical services of the specialist departments of radiology and pathology be treated as an entity and billed as a unit.

Now I would add to the comments of Senator ANDERSON yesterday that the House exclusion of these specialist services where the hospital bills for them would interfere in the prevailing practice in Iowa which is specifically recognized in Iowa law.

The House exclusion would undercut the Iowa arrangement insofar as the care of aged persons is concerned and might well force a renegotiation of the existing arrangements. This is so because the House exclusion would permit the coverage of the hospital services of medical specialists only under the voluntary plan and this would require a separate and individual billing arrangement for services which are now included in the hospital bill in many instances.

Further, Mr. President, I would like to observe that one of the purposes of

the Iowa law, the text of which Senator HICKENLOOPER inserted in the RECORD yesterday, appears to be to assure that these authorized arrangements with hospitals are not entered into "in any way which creates the relationship of employer and employee between the hospital and the doctor" (sec. 135B 26).

May I say that the amendment which I offered and which was adopted by the Finance Committee to permit coverage of these services under plan A, when they are arranged for through the hospital and the hospital bills for them, does not in any way offend this principle of the Iowa legislation. As I have explained and documented in detail earlier, there is no intent to force doctors into an employee relationship with hospitals in my amendment.

So, Mr. President, I would add to the ocmments Senator ANDERSON made yesterday to Senator HICKENLOOPER that while the amendment would honor the intents and purposes of the Iowa law, failure to retain the amendment in the bill would definitely offend the intents and purposes of the Iowa law.

Representatives of some of the specialty organizations argued, if I understand them correctly, that the arrangements prevailing today ought to be changed because the specialists are physicians and because most other physicians who practice in hospitals bill their patients directly. This argument, I believe, is unsound because there are important differences between these specialists and the other in-hospital practitioners to whom they compared themselves.

First let me say that I recognize and emphasize the professional status of these hospital specialists. Not only are they doctors of medicine, but they also have completed additional and rigorous specialized training, and generally have passed examinations by specialty boards. Although as heads of hospital departments they may have important administrative duties, their professional skills are a major component of high-quality hospital care. My amendment, which merely preserves the status quo in hospital-specialist relations, does not derogate in the least from the professional stature of the specialists.

These physicians, however, have a quite different relationship to their patients from that of the clinical practitioner. Hospital pathologists and radiologists have been aptly described as "doctors' doctors"; their function—except in radiotherapy and perhaps to a small degree in anesthesiology—is not to treat patients but to help the doctors who do treat them. In doing this, moreover, these specialists have the assistance of staffs of nonmedical personnel who perform by far the larger volume of the work, including some highly technical procedures.

Finally, where they are heads of hospital departments they do not control the volume of their own practice, but commonly have agreed to do whatever work in their respective fields may be generated within the hospital. They are thus by no reasonable description solo practitioners as other physicians who work in the hospital are. Rather, they play an important and integral role in the complex hospital organization, serving the patients chiefly as they serve their fellow physicians; serving them not by the patients' selection but because the hospital has chosen the specialists to serve the entire institution.

Hosptial physiatrists and the minority of anesthesiologists who have chosen to work under these arrangements with hospitals, although they have more direct contact with patients, are in other respects more similar to pathologists and radiologists than they are to the general practitioner, the internist, or the surgeon.

The contention that these four groups of specialists should be treated like other physicians, then, breaks down because they are unlike other physicians in their relations with hospital patients, in the manner in which they function as department heads, in the way their practice is developed and its volume controlled, and in the extent to which their work is shared with lay assistants. It is considerations such as these, I believe, that have shaped the evolution of relations between hospitals and the specialists in the past; it is considerations such as these, rather than a mandate from Congress, that should shape them in the future.

The adoption of our amendment in the Finance Committee, virtually without opposition, was a wise step. I believe it would be an unfortunate mistake to now agree to the motion of the Senator from Kentucky to strike the committee amendment.

It would indeed be unfortunate to revert to the House exclusion of the medical specialists services, for the House provision would interfere with the existing relationships between hospitals and physicians and would tend to dictate a nationwide pattern prescribed by the Federal Government. It would, moreover, significantly reduce the benefits and confuse the beneficiaries. The Federal Government should not be used to bludgeon hospitals and physicians into abandoning the provision of these services as essential elements of hospital service.

Not only should the Senate defeat the motion to strike the committee amendment, it should insist, through its conferees, that the final bill retain the amendment.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. THURMOND. Mr. President, I have followed the debate on this topic with much interest because it has been a matter of concern to me. Is it the position of the floor manager of the bill that the amendment of the senior Senator from Illinois takes a neutral position on the matter?

Mr. RIBICOFF. The Senator is correct.

Mr. THURMOND. If it is presently the practice of the hospital to bill the patient for these services, it would continue to do so, but, if the doctor now did the billing he would continue to do so?

Mr. RIBICOFF. That is the way the matter is handled by the specialties with the hospitals at the present time.

We are retaining the arrangements that various hospitals have across the country. The hospitals do not all have the same arrangement. Various hospitals have different arrangements. We are providing that the arrangements which the hospitals have with these specialties will still prevail.

Mr. THURMOND. Mr. President, I have received some mail on this subject, the same as have all other Senators. I wanted it to be clear that this would leave the situation to be handled in the same manner as it is now handled.

Mr. RIBICOFF. That is correct.

Mr. COOPER. Mr. President, I understand that there is great variation in the treatment of this matter in different States and hospitals. I understand the practical questions that are involved. However, I do not believe that we have reached the fundamental issue at all. The fundamental issue, in my judgment, is whether we can at this time, or gradually, bring the doctors into the system. That is being done.

When it is said that the status quo would be maintained, that would merely mean that the hospitals would be able to collect for the doctors' services from the trust fund.

I am sure that this matter will be considered in conference. I wanted to give my views. I prefer that the House version be sustained.

I ask unanimous consent that I may be permitted to withdraw my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Vermont.

Who yields time?

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. To whose time shall the quorum be charged?

Mr. RIBICOFF. Mr. President, the quorum call may be charged to my time.

Mr. LONG of Louisiana. Mr. President, I ask that the Senator withdraw his request temporarily.

The PRESIDING OFFICER. Does the Senator from Connecticut withdraw his request for a quorum?

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont.

Mr. MOSS. Mr. President, I ask unanimous consent that the amendment offered by the Senator from Vermont be temporarily laid aside for the present consideration of my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MOSS. Mr. President, I send to the desk an amendment and ask that the amendment be not stated but printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 349, beween lines 12 and 13, insert the following:

"CONTINUATION OF CHILD'S INSURANCE BENEFITS AFTER ADOPTION BY BROTHER OR SISTER

"SEC. 342. (a) Section 202(d)(1)(D) of the Social Security Act (as amended by section 306(b) of this Act) is further amended by striking out 'or uncle' and inserting in lieu thereof 'uncle, brother, or sister'.

"(b) The amendment made by subsection (a) shall apply only with respect to monthly insurance benefits under title II of the Social Security Act for months after the month in which this Act is enacted; except that, in the case of an individual who was not entitled to child's insurance benefits under section 202(d) of such Act for the month in which this Act was enacted, such amendment shall apply only on the basis of an application filed in or after the month in which this Act is enacted."

Mr. MOSS. Mr. President, this amendment would amend the Social Security Act to provide that if a child were adopted by a brother or sister, this would not disqualify him for monthly insurance benefits to which he might otherwise be entitled.

There are many instances in which such a provision would be in the best interest of a child as well as of the family concerned. Although the Department of Health, Education, and Welfare has not submitted an official report on my bill (S. 1031). I have been assured by letter from Robert M. Ball, Commissioner of the Social Security Administration that the Department would give sympathetic consideration to either a bill or an amendment which would make such an adjustment in the social security law.

I can testify as to the need for this amendment by telling you very briefly about the unfortunate human problem which has arisen in Salt Lake City.

A mother died leaving 5 children and a husband. The husband remarried and died without issue from the second marriage. A contest has arisen over custody of the youngest child, aged 12, between the oldest son, who is married and has a family, and the stepmother.

The judge in the case has awarded custody of the 12-year-old child to the eldest son, providing a petition is filed for adoption.

The petition has been filed, but when the older brother applied for continuation of social security benefits for his young sister, under the father's social security account, he found that his young sister would no longer be eligible.

The older son has a wife and children of his own to support. His income is not high. He wants to assume the responsibility for the care and education of his younger sister, rather than leaving her with her stepmother, but the day he signs the adoption papers, social security payments for the young sister stops.

It is an anamoly of the law that child payments can continue if a minor child is adopted by a stepmother, a stepfather, a grandparent or an aunt or an uncle, but not by an elder brother or sister.

I believe the law should be amended so that brothers and sisters can be kept together after the death of both parents in instances where there is an elder brother or sister in a position to assume responsibility for a younger child.

I urge that my amendment be adopted.

Mr. LONG of Louisiana. Mr. President, I should be happy to take the amendment to conference, study it in conference, and see if something can be arrived at.

Mr. MOSS. Mr. President, I yield back the remainder of my time.

Mr. LONG of Louisiana. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Utah [Mr. Moss].

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Vermont [Mr. PROUTY].

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum, and ask that the time be taken equally from the time of the two contending sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent to dispense with the suggestion of the absence of a quorum.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. It occurs to me we might make better time today if we could persuade some of our colleagues to make speeches on the bill itself after the final vote. If they do that, I know they would like the speeches to appear in the RECORD before the vote. Therefore, I ask unanimous consent that statements made on the bill after the vote on the bill may appear in the RECORD prior to the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I now suggest the absence of a quorum on the same basis I previously stated.

Mr. PROUTY. Without the time being charged to either side

Mr. LONG of Louisiana. If the Senator would like a quorum call, I now suggest the absence of a quorum, the time to be charged equally to the two sides.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROUTY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

How much time does the Senator yield himself?

Mr. PROUTY. Mr. President, I wish to modify my amendment; I send the modification to the desk.

The PRESIDING OFFICER. The modification will be read.

The legislative clerk proceeded to read the modification.

Mr. PROUTY. I ask unanimous consent that further reading of the modification be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modification is as follows:

MINIMUM BENEFITS FOR CERTAIN INDIVIDUALS WHO HAVE ATTAINED AGE 72

SEC. 309(a)(1), title II of the Social Security Act is further amended by adding at the end thereof (after the new section 226 added by section 101 of this Act) the following new section:

"MINIMUM BENEFITS FOR CERTAIN INDIVIDUALS WHO HAVE ATTAINED AGE 72

"SEC. 227. (a) In the case of any individual who attains the age of 72 but who does not meet the requirements of section 214(a), and who is a resident of the United States and (i) is a citizen of the United States, and has resided in the United States continuously for not less than eighteen months before the month in which he files application for benefits under this subsection, or (ii) has resided in the United States continuously for the ten-year period preceding the month in which he files application for benefits under this subsection, the 6 quarters of coverage preferred to in so much of paragraph (1) of section 214(a) as follows clause (C) shall, instead, be zero quarters of coverage for purposes of determining entitlement of such individual to benefits under section 202(a). For each month before the month in which any such individual meets the requirements of section 214(a), the amount of his old-age insurance benefit shall, notwithstanding the provisions of section 202(a) be $35. If an individual is entitled to benefits under section 202(a) for any month as a result of this section and also to wife's or husband's insurance benefits under section 202(b) or section 202(c), the amount of the monthly benefit under section 202(a) shall be reduced by an amount equal to such wife's or husband's insurance benefit (but not below zero), and under such circumstances the provisions of section 202(k)(3)(A) shall not be applicable to such wife's or husband's insurance benefit. If an individual is entitled to benefits under section 202, other than under section 202(b) or under section 202(c), for any month, he shall not be entitled to benefits under section 202(a) for such month as a result of this section."

(b) Section 201(a) of the Social Security Act is amended by adding the following sentence at the end thereof:

"There are authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund from time to time such sums as the Secretary deems necessary for any fiscal year on account of—

"(1) payments made or to be made during such fiscal year from such Trust Fund with respect to individuals who are entitled to monthly benefits under section 227,

"(2) the additional administrative expenses resulting or expected to result therefrom, and

"(3) any loss in interest to such Trust Fund resulting from the payment of such amounts.

in order to place such Trust Fund in the same position at the end of such fiscal year in which it would have been if such section 227 had not been enacted."

"(c) The amendment made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for and after the second month following the month in which this Act is enacted on the basis of applications filed in or after the month in which this Act is enacted."

Mr. PROUTY. Mr. President, yesterday millions of elder citizens were disappointed at the action taken on an amendment which I offered, which would have increased their social security benefits substantially. Senators who stood with me in the struggle for fair treatment of the aged have my deep gratitude and the thanks of those elderly people who are no longer able to care for themselves. I pledge to every one of those Americans that so long as I remain in the Senate I shall fight to provide them with the necessary comforts for decent living.

There is nothing I can do about the action taken yesterday, but I have now proposed an amendment which will be helpful to a million and a half of our older citizens.

At this point, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PROUTY. Mr. President, I had hoped that if certain modifications were made to my amendment it might be acceptable to the manager of the bill. Accordingly, I have submitted the modification, which, I may suggest, was drafted by Robert Myers, chief actuary of the Social Security Administration.

This modification meets the prime purpose of my earlier amendment, namely, to provide a floor of protection for a million and a half of the unfortunate members of older America who are not eligible at this time for social security because the system did not provide for their participation while they were employed. It meets the objections of some Senators that my amendment as introduced yesterday was too costly.

This amendment makes eligible for social security benefits all persons 72 years of age or older who are not now eligible for such benefits. It also eliminates the three-quarters coverage provision in the House-passed bill. Those benefiting from my amendment would receive $35 a month. The amendment would give social security benefits to about 1,500,000 persons most of whom would not be protected by the committee-reported bill.

The blanketing in of all persons 72 years of age or older would be financed out of general revenues, and thus the old age insurance trust fund would not be impaired.

The old folks merit our support in this respect. This is a compromise amendment. I would have preferred adoption of the original amendment; the modification cuts the benefits to $35, the level in the House bill, and raises the age to 72.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. CARLSON. I wish to inquire as to the cost of the amendment. There was considerable criticism as to the cost involved in the amendment offered yesterday. What does the present amendment involve in cost?

Mr. PROUTY. According to the latest figures that have been given by Mr. Robert Myers, Chief Actuary of the Social Security Administration, the cost would be about $385 million over what the House proposed.

I have found in the past that Mr. Myers' figures which have been given to me were always on the high side. I have information on that which I could quote, but I do not wish to do so.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield to me for a comment regarding the cost?

Mr. PROUTY. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. During the hearings before the committee, as appears on page 155 of part I of the hearings, I had asked Secretary Celebrezze a similar question. At that time I asked him the question as to what it would cost to extend these benefits and coverage to all those 65 and over. There was submitted to the committee under date of April 30, 1965, an estimate of the cost of blanketing. I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

APRIL 30, 1965.

From: Robert J. Myers.

Subject: Cost estimate for blanketing-in all persons aged 65 and over for cash benefits.

In the hearings before the Senate Committee on Finance today, Senator WILLIAMS requested information on the cost aspects of blanketing-in all persons in the country aged 65 and over for cash benefits in the same amounts as would be given under H.R. 6675 for the transitional-insured group of persons aged 72 or over. These amounts are $35 per month for all beneficiaries except, that when both husband and wife are eligible, the total family benefit is $52.50. The general principle of the blanketing-in proposal would be not only that it applies to persons aged 65 and over, but also that it would not phase out, as does the transitional-insured provision, and rather would be a permanent one. Accordingly, this blanketing-in provision would be financed from general revenues.

Assuming the retention of the transitional-insured provision in H.R. 6675, this blanketing-in proposal would cover an additional 1.75 million persons as of the middle of 1965, with the annual benefit cost being about $700 million (payable from general revenues). In future years, the number of blanketed-in beneficiaries would slowly decrease to a level of about 1.25 million persons by 1990 (although it should be realized that this type of estimate of a residual group is difficult to make and, therefore, is subject to wide variation). The blanketed-in group would not include any individual eligible for railroad retirement or civil service retirement benefits.

Of the 1.75 million persons who would be blanketed-in under this proposal in the middle of 1965, it is estimated that about 1.1 million are receiving old-age assistance. It is likely that the vast majority of these 1.1 million persons would continue to receive old-age assistance, although at a reduced rate so as to reflect the OASDI benefit. The Federal savings in old-age assistance as a result of taking into account the blanketing-in OASDI benefit would be about $275 million for the first year of operation, so that the net Federal cost of the blanketing-in provision would be about $425 million per year.

ROBERT J. MYERS.

Mr. WILLIAMS of Delaware. Mr. Myers points out that this estimate is based on extending coverage to all those over 65 with cash benefits of $35 a month, or $52.50 per married couple.

In the last paragraph of the memorandum he concluded that the cost of blanketing them all in would be $700 million but that there would be a saving of $275 million as a result of the saving in welfare cost, which would reduce the Federal cost to $425 million. I quote from his memorandum, "so that the net Federal cost of the blanketing-in provision would be about $425 million per year." This would be the cost of blanketing-in those over the age of 65.

The House-passed bill goes somewhat to that direction and blankets those with a limit of three quarters, of coverage over the age of 72. So that would be at a cost of $145 million. If that is so, the difference between the House provision and blanketing those over 65 would be $280 million.

However, the Senator's proposal does not cover all those 65 and over, but only those 72 and over. So his cost would be considerably lower than the cost estimates submitted to the committee.

I cannot understand the cost estimate which was given to the Senator from Vermont today. I think his estimate is too high. Either that cost estimate is far out of proportion to what the actual cost would be, or they made a mistake when they submitted to us the cost estimate under date of April 30.

Certainly if it costs $425 million to blanket-in everyone over the age of 65, or $285 million over the House bill, it would not cost $385 million more than the House bill to blanket-in those over the age of 72, because if we combine the two, it will be costing more to extend coverage to the age of 72 than at 65, and we know that would be ridiculous. So the cost estimated by the Senator from Vermont is not only high enough but it is also higher than it should be.

Another argument in favor of the Senator's amendment is this: This same bill provides for a minimum increased benefit of $3 in all social security pensions—married couples would be $6. This increase was for the expressed purpose of enabling them to pay for the social security insurance program under part B.

In other words, under this bill 13 million people will get medical benefits at no extra cost. We will find that everyone over the age of 65 under the pending bill without the Prouty amendment would be getting an extra $3 from the fund so that they can pay the extra medical charges. This group affected by the Prouty amendment and consisting of about 1 million and a quarter people would be getting no benefits.

They are America's forgotten people. If we are to pass a $7 billion bill, why are these people left out?

Are we going to take care of all Americans on the basis of equality, or are we not?

One other point. Under the social security program we have had a large number of aliens coming into the country with no intention of becoming American citizens. Yet they have qualified for social security benefits, paying the minimum of six or eight quarters, and then have returned to their countries and retired. They have been drawing social security checks throughout their

lives after having made only token payment into the social security program.

The pending bill would extend that coverage. We will now have more and more men and women who are not citizens of this country, who have no intentions of becoming citizens, and who may or may not be living in this country have gone back and are living abroad, who will be blanketed in under the provisions of the House bill by reducing from six to three quarters. They will receive their $35 monthly check. Yet at the same time the administration is quibbling over whether we are going to give a similar consideration to our own American citizens.

There is merit in the amendment of the Senator from Vermont, and I shall support it.

I compliment the Senator for proposing his amendment to protect these forgotten citizens.

Mr. CARLSON. I wish to commend the Senator from Vermont for making this adjustment in his amendment. When we reduce it to the age of 72 and qualify these people under the provision, it will, as the distinguished Senator from Delaware has just stated, cost only $255 million. Here is a great group of people who are ineligible to receive the benefits, through no fault of their own—such as farmers, agricultural workers, teachers—persons in many other professions.

Therefore, I sincerely hope that the Senate will give serious consideration to the amendment of the Senator from Vermont.

Mr. WILLIAMS of Delaware. Mr. President, let me say that I am just as concerned about the extra $255 million as anyone else. However, yesterday on a yea-and-nay vote the Senate rejected a proposal by the Senator from Nebraska which would have saved $470 million by providing that those whose income is adequate would pay their own hospital bills.

We would be far better off to go ahead and take care of those who need it. The estimate of the Secretary of HEW, Mr. Celebrezze, was that 1,100,000 of those 1.325 million citizens affected by this amendment are already on relief and therefore the extra cost to the Government would be zero because it would be transferring it from one fund to the other. Therefore we are certainly dealing with a group of people who need assistance if the Senate is going to consider it.

Mr. JAVITS. Mr. President, the Senator from Vermont has very little time, and I should therefore like to ask the Senator in charge of the bill if he would yield me 1 minute to ask a question.

Mr. LONG of Louisiana. Mr. President, I yield 1 minute to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. JAVITS. Mr. President, there is one point which I believe will need some clarification. We have already attempted to help those not covered under the insurance phase in the medical care part of the bill. Now there are some people who are on Government or railroad retirement, at that age, who do receive a pension and who will, nonetheless, be covered now, notwithstanding that they have no quarters of coverage.

By virtue of the change which the Senator from Vermont has made, would he feel, without commiting himself, that his amendment reflects the fairness of that position? The adjustment might very well take place in the conference, but would the Senator by sympathetic concerning the fairness in the above situation?

Mr. PROUTY. I would have no objection that that. I believe that it would be highly desirable. I point out that there is very little difference between this bill and the House passed bill, which requires only two quarters coverage.

Mr. JAVITS. There were people who had some coverage and who had some insurance coverage. Here we have none.

Mr. PROUTY. Practically none.

Mr. JAVITS. The Senator is correct. Therefore, the duplication might be quite unfair. I would hope that the Senator would make that clear for the RECORD, although I know that he cannot clear up every little point while he is on his feet. I understand that. But I would hope that he would be sympathetic to the question of fairness which I raise, which could be worked out in conference.

Mr. PROUTY. I agree completely with the Senator from New York.

Mr. President, I reserve the remainder of my time.

Mr. LONG of Louisiana. Mr. President, the pending amendment would call for the expenditure of a large amount of money. How much, I do not know. For my purposes, I do not need to know. So far as the aged people in the State of Louisiana are concerned, the benefits to them would be approximately zero. Anyone who has reached the age of 70 or 72, and has a meager income, is probably drawing a welfare check of $80. If he were blanketed in by this amendment, his social security benefits would be $35 a month out of the Federal Treasury. All this would mean is that his welfare check would be reduced by $35 so that instead of receiving $80 in one check, he would receive $35 in a social security check, and another $45 from the State welfare agency. He would have two checks to cash instead of one. That is about the only difference it would make.

I assume that if the amendment were adopted, we would then repeal the provision in the bill which requires the States to pass on all the windfall savings to the people by matching more Federal money with it. If we do that, we shall be back where we started, so far as most people are concerned. The only people who really would be benefited would be those not on welfare who have no need for this money, like some aged fellow who was well to do, owned his own farm, say, of a thousand acres, and was receiving additional income from oil and gas. But these people are not entitled to it. They have paid no social security tax. They do not need it. They do not expect to get it.

We might as well take a bale of $100 bills, take the elevator up to the top of the Washington Monument and throw all the money out the window into the high winds, because we left someone out. Out of fear that we did leave someone out, let us blanket them all in.

Mr. PASTORE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. If Senators who are always worried about the national debt will vote for the amendment, how can they expect the Senator from Rhode Island not to vote for it?

Mr. LONG of Louisiana. The Senator from Rhode Island can do so, if he wishes.

The administration sent down a bill which would cost approximately $3.5 billion, but when the House got through with it, it was $5.8 billion. The Senate committee reported it out and the cost went up to $6.8 billion. We have now passed the $7 billion figure for the bill.

The Senator from New Mexico [Mr. ANDERSON] stated that we should get a gong in the Chamber and every time we add another billion dollars to the bill we should strike the gong so that we can keep up with it.

Every Senator has it within his power to think of some desirable way to spend money. If someone would only give me $300 million to spend, think of all the joy I could spread everywhere I went, passing out money to someone who might need it and who again might not. That is what we would be doing by adopting the pending amendment. Where are we going to stop?

A lower limit of 72 years of age is provided for in the pending amendment. Why wait for the age of 72? Why not blanket in everyone at 65? Why not at 50? A man might lose his job at 50, so why not blanket him in and hand over to him a check?

How about all the disabled people who are not insured under social security? Certainly something should be done for them. Here is a bill providing over $7 billion per year, and yet we forget about the disabled people who have never been insured to begin with.

Blanket them all in. Give them all a check. Why not at age 35? Or at least why not age 65?

Mr. PASTORE. Then cry tomorrow about the national debt.

Mr. LONG of Louisiana. Yes. I am just as sure as I am standing here that some Senators will vote for the amendment to increase the cost, just as some Senators voted last night for the Prouty amendment to shoot the moon, from $7 billion per year to $10 billion. Then they will go home and talk about the profligate Democrats bankrupting the country, and giving money away in give-away programs.

There are a million ways we can do that. I know that one Member of the House called me last night and said he had 50 ideas as to how we could do more good for more people. Everyone would be helped. I am sure Senators believe we have a big enough bill. The program as it stands now, according to the committee report, would spend $32 billion a year by 1972. That is not counting the amendments that we have added here on the Senate floor. We have increased that amount by about a billion dollars on the floor. When will we ever stop? I

hope Senators will not insist on this amendment.

There will be other social security bills to be considered. We shall have more opportunity to vote for amendments like this. Every President wants to be known as having extended the social security program. Therefore this President and his successors will send us an additional bill. We shall have other opportunities to vote for more cash benefits for more people.

Mr. KUCHEL. I yield 3 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, in all the years that I have been in the Senate I never enjoyed a speech as much as I enjoyed the one delivered by the Senator from Louisiana [Mr. LONG]. I always enjoy hearing him oppose expenditures of the Government and advocate a balanced budget.

I hope in a few minutes, when the Senator from Nebraska [Mr. CURTIS] makes his motion to send the bill back to committee the Senator from Louisiana will vote for the motion. That will save $7 billion.

The Senator talks about blanketing in more people. The bill already blankets in those who have between three and six quarters coverage. That means 325,000 people. In return for the approximate $20 that these people paid in they are getting back $35 a month under the bill as reported by the Senate committee. Someone who has worked under three quarters and may have paid $15 or $18, is left out. That will be hard to explain.

Yesterday the committee accepted an amendment on the floor which provides that any alien who has come here and resided in this country for a period of 6 months can qualify under title I and title II for medical coverage. He does not have to pay for it, or at the most he pays $3. If we are to show all this concern for all people such as the Cuban refugees and other aliens, should we not stop and think about some of those who have been in this country for a long time and buying E bonds or who have retired with small savings and now, as a result of inflation find that they are forced to live on welfare.

We can reduce the deficit by assessing some of the cost of the bill to those who can afford it and can pay for it. Why should we pay the medical bill of a man who has an income of $100,000 a year or a million dollars a year income? We are asked to do that merely because he qualifies under social security. Why should we give him free medical coverage? If we are willing to do that let us not argue too much against helping these people who really need some assistance.

Mr. CURTIS. Mr. President, I shall support the amendment of the distinguished Senator from Vermont. It involves people over 72.

In Louisiana, out of every 100 persons, 60 are on the old-age-assistance rolls. About 15 out of every 100 are on the old-age-assistance rolls in Nebraska. We practice self-denial and thrift, and a few other things. Many of them have paid taxes.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KUCHEL. I yield 1 minute to the Senator from Nebraska.

Mr. CURTIS. The difference is only a small amount of tax, and it would not amount to anything in some cases. The Senate will have an opportunity to save not a half billion dollars yearly, as the Senate had an opportunity to do yesterday, but by voting for my motion it will reach into billions of dollars.

My feeling is that we should do justice under the retirement program.

The wealthiest people in America are drawing the maximum amounts in social security.

The Senator from Vermont asks that we consider everyone who has reached 72 and who has no opportunity of adding quarters. He asks that they be included for a minimum amount. It is not a great amount. There will be an opportunity to save more than that. Yesterday or the day before I put some figures in the RECORD which show the total expenditures for 1964.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. KUCHEL. I yield a half minute to the Senator from Nebraska.

Mr. CURTIS. We are paying out money to people who do not need it. I will support the amendment.

Mr. KUCHEL. I yield 2 minutes to the Senator from Vermont.

Mr. PROUTY. I believe this debate has gone on long enough. The cost of the program would diminish with each passing year as more people come under the social security system and others pass to their reward. If being liberal means having concern for older people and giving them enough to eat and clothe themselves properly and provide housing, I plead guilty. I am sorry that we are not doing a great deal more. I have modified my proposal in the hope that I could get more support on the floor. It does not please me to make even these concessions. The rates should be higher than I am proposing. However, I am willing to have a vote on the amendment at any time.

Mr. LONG of Louisiana. Mr. President, I find it very difficult to understand the rationale of some Senators. I am sure, of course, that Senators can put their thinking in order. Some Senators propose that we adopt an amendment which, according to the cost estimate, would blanket in 1,500,000 people, at a total cost of $630 million per year, out of which $140 million would represent a saving to the trust fund. There would be a net cost to the General Treasury of a half billion dollars a year after taking into account the savings resulting under the old-age assistance program.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PROUTY. I received the same figures from Mr. Myers. I have literature in my desk showing the figures that Mr. Myers has given me in the past.

He told me definitely that the cost would be $525 million, less the figure of $140 million, which was the increase proposed by the House. Substracting $140 million from $525 million results in a difference of $385 million. That is approximately $100 million too high, based upon the figures that Mr. Myers has given me at other times in the past. The distinguished senior Senator from Delaware [Mr. WILLIAMS], has developed data which supports my estimates.

Mr. LONG of Louisiana. The Senator has modified his amendment. He has changed his amendment. We gave him unanimous consent to change his amendment. We cannot tell from one hour to the next what it will contain.

Mr. PROUTY. It did not require unanimous consent to modify the amendment. I did not make such a request.

Mr. LONG of Louisiana. I believe the yeas and nays had been ordered. If they had not——

Mr. PROUTY. Mr. Myers is the one who, in the Senator's office this morning, as the Senator from Louisiana well knows, figured that cost.

Mr. LONG of Louisiana. What the Senator from Vermont is now proposing is not what he proposed previously. He has modified his amendment. I am happy that he did modify it.

Mr. President, I ask unanimous consent that a memorandum giving the cost estimate be printed in the RECORD. It appears that the net cost of the program to the General Treasury would be about $500 million per year.

There being no objection, the estimate was ordered to be printed in the RECORD, as follows:

MEMORANDUM, JULY 9, 1965

From: Robert J. Myers.

Subject: Cost estimate for Prouty amendment to blanket-in at age 72.

This memorandum presents a cost estimate for the Prouty amendment that would blanket-in on a "permanent" basis all uninsured persons aged 72 and over for a benefit of $35 per month. The cost of these benefits would be payable from the General Treasury. Furthermore, this amendment would replace the transitional insured provision in the House bill, which would provide $35 benefits with respect to persons who had three to five quarters of coverage (such benefits being financed from the trust fund).

A total of 1.5 million persons would be affected by this provision in 1966 (including the 355,000 under the transitional insured provision of the House bill).

The general revenue cost for 1966 would be $630 million but $130 million would be offset by savings in old-age assistance, making a net cost to the General Treasury of $500 million. In addition, the trust fund would have $140 million less outgo chargeable to the contributory financing.

The total benefit outgo under this provision in 1970 would be $550 million and the net cost to the General Treasury after taking into account savings in old-age assistance would be $450 million (the reduction in cost to the trust fund by reason of the transitional insured provision being eliminated would be about $110 million).

Mr. LONG of Louisiana. Mr. President, there are enough benefits in the bill. They total $7 billion. Can we not reach some time when we shall have enough benefits in the bill? There are some other amendments to which we would like to agree and which would cost only a small amount. The amendment of the Senator from Vermont would cost a fantastic amount. I believe that it should be considered at some future date.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. A moment ago the Senator described how the cost of the program has gone up step by step. Will the Senator from Louisiana repeat the figures which show what the President's program would cost and the increased cost of the bill in its present form? Can the Senator from Louiana tell us what was added by the House, what was added by the Senate Committee on Finance, and what has already been added by the Senate?

Mr. LONG of Louisiana. As I recall what the administration was seeking mostly was the original King-Anderson proposal, which is part A of title I of the bill. That proposal would have cost about $2,358 million per year. Also approximately $285 million per year of general revenue would go into that. So that part would work out to be about $2.6 billion per year.

Some suggestions were made for liberalizing the welfare part of the medical care program, and that would have been about $200 million per year. So we would then be talking about $2.8 billion.

Mr. LAUSCHE. What has the figure now reached?

Mr. LONG of Louisiana. The Senator from Ohio is well aware of the highly regarded Republican leadership in the House of Representatives. He knows that that leadership originated an amendment that would increase the cost of the program about $1.2 billion per year.

We are now up to $4 billion.

The House of Representatives had some other ideas, and when they had concluded their work they had increased the cost to $5.8 billion per year. They added about $2 billion of additional items that some Representatives thought up over there.

The Senate Committee on Finance had some ideas, too, and when we were through considering the bill, the first-year cost was $6.8 billion per year.

So another $2 billion of ideas were proposed in the Senate. Some of those additional ideas we thought we could consider on the floor of the Senate, which would bring the cost up to about $400 million more per year. The last time we looked we had passed the $7 billion mark and we were still on our way up.

We tried to defend against the first Prouty amendment, which would have increased the cost $3 billion a year, which would bring the total cost up to about $10 billion a year. The present Prouty amendment would not cost as much. I was happy to see the Senator modify his amendment downward. Our best estimate is that the proposal would cost $500 million a year from general revenues.

Where will it all stop? Do we really not intend to pass additional social security bills in some future years? If that is the case, could we not consider the present proposal along with some others that might be made in future years?

Last night I heard an eloquent argument made by the Senator from Nebraska [Mr. CURTIS]. The argument was that we should not provide all of these benefits to people who are rich and do not need them.

The Prouty amendment is now supported by the same Senator. It is proposed to blanket all of those people in the bill and give them money, even though they have not contributed 5 cents to the fund, and even though many of those people would be rich. The Senator turns around and votes now for the opposite principle and to blanket all those people in. Most of those people, if they have any need for the money, are over 72, and are already on public welfare. Insofar as they get more money, that would be a windfall for the State; the State would save the money and the Federal Government would be plunged deeper into debt.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. I have marked down the figures which the Senator from Louisiana stated. Those figures would indicate that we have started on a program which would cost about $2.7 billion. We are now up to the point at which the cost of the program would be $7.2 billion, or $5.5 billion more.

I ask the Senator from Louisiana when we are going to stop.

Mr. ANDERSON. Right here.

Mr. LONG of Louisiana. I hope we shall pause on the present amendment.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PROUTY. I should like to ask the distinguished Senator from Louisiana if the following is not correct:

According to Mr. Myers, one and a half million people would qualify under my amendment. If that number is multiplied by $35, we get $525 million. We would then substract $140 million, which is the House figure on the cost of the House-passed transitional insurance provision. That would bring the amount down to $385 million. There is no question about that.

Last year Mr. Myers estimated the cost of the same amendment which I offered yesterday, namely, to increase the minimum to $70 and other benefits. Last year he estimated that the cost would be $2.1 billion. I understand that this year he estimated the cost at $3.2 billion. The figure goes up a billion dollars a year every time Mr. Myers estimates—and, presumably, every time a Republican proposes an amendment on the subject.

Mr. LONG of Louisiana. Mr. President, my arithmetic tells me that 1½ million persons receiving $35 a month for 12 months total $630 million for a year. When we subtract the $130 million a year savings in old-age assistance, we get the $500 million a year figure that I quoted previously.

I am sure that the Senator would agree that whatever the figure is, it is a whopper.

Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield 2 minutes to the Senator from Delaware under the bill.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 2 minutes on the bill.

Mr. WILLIAMS of Delaware. Mr. President, I believe that we should keep our eyes on the true cost of the program. It is true that we have a bill before us involving about $7 billion. Let us get the record straight. It is a fact that 99.9 percent of the $7 billion cost was included in the bill because the administration asked to have it put there. A motion was made in the Finance Committee—and I supported it—to strike title II from the bill. It would have saved an extra $1.5 billion. The administration opposed the motion; they wanted it in the bill. If the Senator does not now desire to have that provision in the bill I suggest that he say so, and I shall help him to take out the provision. Do not come back and say that someone pushed it in. The administration reached out, grabbed all of these multi-billion-dollar programs, and held onto them.

In addition the bill provides for an increase in social security benefits that will cost about $2½ to $3 billion. If the administration does not desire to have that $2 billion added I suggest that some Senator stand up and say so. Those are the totals that make up the $7 billion in the bill. Those are administration proposals which with the $2.3 billion medicare proposal add up to the $7 billion total cost.

The only objection that the administration has made to any of these proposals is in opposition to the suggestion that $35 per month be paid to those over 72 years of age who through no fault of their own are not now covered.

In finagling around on the cost of the pending amendment it has been suggested that the Prouty amendment would bring in 1.5 million of extra coverage. Mr. Myers submitted to our committee statistics showing that, at the moment, 1,750,000 people over the age of 65 were not covered. The House bill would bring in 325,000 of those. That would leave only 1,425,000 over the age of 65 who are not covered. They now claim that the Prouty amendment, which extends coverage to those over the age of 72, will add another 1.5 million. Those figures cannot be reconciled.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Vermont [Mr. PROUTY].

Mr. KUCHEL. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Rhode Island to lay on the table the amendment of the Senate from Vermont [Mr. PROUTY]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ELLENDER (after having voted in the affirmative). I have a live pair with the senior Senator from Missouri [Mr. SYMINGTON]. I understand he would vote as I have voted; therefore, I let my vote stand.

Mr. MANSFIELD (after having voted in the affirmative). On this vote I have a pair with the Senator from Oregon [Mrs. NEUBERGER]. If she were present and voting, she would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. MCGEE] and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Nebraska would vote "nay."

On this vote, the Senator from Missouri [Mr. SYMINGTON] is paired with the Senator from New Jersey [Mr. CASE]. If present and voting, the Senator from Missouri would vote "yea" and the Senator from New Jersey would vote "nay."

I further announce that, if present and voting, the Senator from Wyoming [Mr. MCGEE] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

The Senator from New Jersey [Mr. CASE] is detained on official business.

On this vote, the Senator from New Jersey [Mr. CASE] is paired with the Senator from Missouri [Mr. SYMINGTON]. If present and voting, the Senator from New Jersey would vote "nay" and the Senator from Missouri would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Nebraska would vote "nay" and the Senator from Virginia would vote "yea."

The result was announced—yeas 55, nays 36, as follows:

[No. 169 Leg.]

YEAS—55

| | | |
|---|---|---|
| Anderson | Hayden | Nelson |
| Bartlett | Hill | Pastore |
| Bass | Holland | Pell |
| Bayh | Inouye | Proxmire |
| Bible | Jackson | Randolph |
| Brewster | Jordan, N.C. | Ribicoff |
| Burdick | Lausche | Robertson |
| Byrd, W. Va. | Long, Mo. | Russell, Ga. |
| Cannon | Long, La. | Russell, S.C. |
| Church | Magnuson | Smathers |
| Clark | McCarthy | Sparkman |
| Dodd | McClellan | Stennis |
| Douglas | McGovern | Talmadge |
| Eastland | McNamara | Tydings |
| Ellender | Metcalf | Williams, N.J. |
| Ervin | Mondale | Yarborough |
| Harris | Monroney | Young, Ohio |
| Hart | Moss | |
| Hartke | Muskie | |

NAYS—36

| | | |
|---|---|---|
| Aiken | Gruening | Mundt |
| Allott | Hickenlooper | Murphy |
| Bennett | Javits | Pearson |
| Boggs | Jordan, Idaho | Prouty |
| Carlson | Kennedy, Mass. | Saltonstall |
| Cooper | Kennedy, N.Y. | Scott |
| Cotton | Kuchel | Simpson |
| Curtis | McIntyre | Smith |
| Dominick | Miller | Thurmond |
| Fannin | Montoya | Tower |
| Fong | Morse | Williams, Del. |
| Gore | Morton | Young, N. Dak. |

NOT VOTING—9

| | | |
|---|---|---|
| Byrd, Va. | Fulbright | McGee |
| Case | Hruska | Neuberger |
| Dirksen | Mansfield | Symington |

So Mr. PASTORE's motion to lay Mr. PROUTY's amendment on the table was agreed to.

Mr. KENNEDY of New York. Mr. President, I voted as I did on the Senator from Rhode Island's motion to table the amendment offered by the Senator from Vermont [Mr. PROUTY] and on the amendment which the Senator from Vermont offered yesterday, because I think it is time we begin dramatizing in every way possible the need to begin considering financing of social security benefits partially out of general revenues.

Those most familiar with the financing structure of the social security system tell us that, with the increases in the payroll tax which are contained in the present medicare bill, we have come close to the upper limit for obtaining financing of social security by means of a payroll tax. Yet the level of social security benefits remains entirely inadequate, as all of us must realize. The average benefits paid to our retired citizens are so low that millions of them live in poverty.

If we are to provide adequate benefits, we simply have to consider turning partially to general revenue financing for social security. In this connection, I would like to call attention to a speech which I gave before the National Council on the Aging on March 2 of this year, which the Senator from Michigan [Mr. HART] was kind enough to put in the CONGRESSIONAL RECORD on April 13, 1965. In that address, I elaborated on the case for a partial turn to general revenue financing.

The amendments which the Senator from Vermont offered yesterday and today represent the beginning of an answer. Of course, when we begin considering the use of general revenues, we shall have to reexamine the entire financial structure of social security, so that whatever contribution we provide for out of general revenues is made after complete study.

I hope bringing this matter to the attention of the Senate will inspire more widespread support for a complete reexamination of the financing of social security, with a view to getting enough of a contribution from general revenues so that we can assure all of our retired citizens that they will be able to live their final years in dignity and comfort.

AMENDMENT NO. 329

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, I call up amendment No. 329.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. CURTIS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment may be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

Beginning on page 12, line 1, strike out all through page 134, and insert in lieu thereof the following:

"TITLE I—MEDICAL EXPENSE DEDUCTION, ADVISORY COUNCIL, MEANING OF TERM 'SECRETARY', AND GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

*"Part 1—medical expense deduction, advisory council, meaning of term 'secretary'*

"Medical Expense Deduction"

On page 135, line 2, strike out "106" and insert "101".

On page 136, lines 10, 11, 12, and 13, strike out "(including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged)".

Beginning on page 138, line 11, strike out all through page 141, line 14.

On page 141, line 16, strike out "109" and insert "102".

On page 141, line 24, and page 142, lines 1 and 2, strike out "the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund".

On pages 142, lines 4 and 5, strike out "and the programs under parts A and B of title XVIII".

Beginning with the word "The" on page 143, line 13, strike out all through page 144, line 2.

On page 144, line 9, strike out "110" and insert "103".

Beginning on page 144, line 13, strike out through page 159, line 2.

On page 159, line 9, strike out "XIX" and insert "XVIII".

On page 159, line 12, strike out "1901" and insert "1801".

On page 160, line 4, strike out "1902" and insert "1802".

On page 160, line 12, strike out "1903" and insert "1803".

On page 163, line 9, strike out "1905" and insert "1805".

On page 164, line 4, strike out "1905" and insert "1805".

On page 165, line 8, strike out "1905" and insert "1805".

Beginning on page 165, line 24, strike out all through page 166, line 15.

On page 166, line 16, strike out "(16)" and insert "(15)".

On page 166, line 22, strike out "(17)" and insert "(16)".

On page 167, line 25, strike out "(18)" and insert "(17)".

On page 168, line 14, strike out "(19)" and insert "(18)".

On page 168, line 19, strike out "(20)" and insert "(19)".

On page 170, line 12, strike out "(21)" and insert "(20)".

On page 170, line 21, strike out "(22)" and insert "(21)".

On page 173, line 10, strike out "1903" and insert "1803".

On page 173, line 16, strike out "1905" and insert "1805".

On page 175, line 23, strike out "1905" and insert "1805".

On page 178, line 15, strike out "1904" and insert "1804".

On page 178, line 20, strike out "1902" and insert "1802".

On page 179, line 7, strike out "1905" and insert "1805".

On page 182, line 11, strike out "XIX" and insert "XVIII".

On page 182, line 15, strike out "XIX" and insert "XVIII".

On page 183, line 7, strike out "XIX" and insert "XVIII".

On page 183, line 13, strike out "XIX" and insert "XVIII".

On page 183, line 14, strike out "1902" and insert "1802".

On page 183, line 14, strike out "1903" and insert "1803".

Beginning on page 183, line 15, strike out all through page 184, line 2.

On page 184, line 3, strike out "OTHER".

On page 294, line 8, strike out "titles II and XVIII" and insert "title II".

On page 297, lines 9 and 10, strike out "no payments shall be made on his behalf under part A of title XVIII,".

On page 297, lines 16 and 17, strike out "and part A of title XVIII".

On page 303, line 21, strike out "(a)".

Beginning on page 304, line 13, strike out all through page 306, line 3.

On page 306, line 9, strike out "(a)".

Beginning on page 306, line 23, strike out all through page 307, line 24.

On page 308, line 4, strike out "(a)".

Beginning on page 308, line 19, strike out all through page 309, line 20.

On page 142, line 19, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, lines 5 and 6, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, lines 16 and 17, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, lines 18 and 19, strike out "and the Federal Hospital Insurance Trust Fund".

On page 311, line 25, strike out "and the Federal Hospital Insurance Trust Fund".

On page 312, lines 1 and 2, strike out "and part A of title XVIII".

On page 364, line 5, strike out "XIX" and insert "XVIII".

On page 365, line 4, strike out "1904" and insert "1804".

On page 366, line 7, strike out "XIX" and insert "XVIII".

On page 366, line 18, strike out "XIX" and insert "XVIII".

On page 367, line 15, strike out "1903" and insert "1803".

On page 367, line 22, strike out "XIX" and insert "XVIII".

On page 369, line 6, strike out "XIX" and insert "XVIII".

On page 369, line 11, strike out "XIX" and insert "XVIII".

On page 369, line 16, strike out "1903" and insert "1803".

On page 371, line 9, strike out "XIX" and insert "XVIII".

On page 386, line 3, strike out "XIX" and insert "XVIII".

On page 386, line 3, strike out "1902" and insert "1802".

On page 386, line 4, strike out "1903" and insert "1803".

Amend the table of contents to the bill so as to reflect the contents of the bill after the foregoing amendments are made.

Amend the title so as to read: "An Act to provide an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs and for other purposes."

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. CURTIS. I yield.

Mr. MANSFIELD. Mr. President, I ask that there be a clearance of the floor of the Senate so that Senators can recognize one another as they move around.

The PRESIDING OFFICER. The Senate Chamber will be cleared of all those not necessarily present on business.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GORE. I have watched the doors since the majority leader made the point of order. No one has departed. There are 60 persons on the floor who are not entitled to the privilege of the floor. Will the Chair enforce the rule?

The PRESIDING OFFICER. The Senator is correct. The Sergeant at Arms will enforce the ruling of the Chair.

The Chamber will be cleared so that there will be no one on the floor of the Senate not authorized to be there. In that way, the Senate may proceed in an orderly manner.

Mr. CURTIS. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, amendment No. 329 is very simple. It would strike from the bill medicare, parts A and B. It would leave the remainder of the bill intact. The amendment would strike out medicare. The matter has been discussed for a long time.

Part A is the King-Anderson bill. The King-Anderson bill has been kicked around for 10 or 15 years and never passed.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. CURTIS. I yield. It has never been passed by both the House and the Senate.

Mr. ANDERSON. The bill was passed by the Senate.

Mr. CURTIS. I stand corrected.

Part B was never heard of until it came from the Ways and Means Committee. Many Senators want to vote for social security benefits and not for medicare.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. JAVITS. Mr. President, before the Senator yields back his time, as Senator ANDERSON said, we did pass the King-Anderson bill. So we did pass, in effect, part B at the same time. That was the so-called supplementary private enterprise part of the package. The Senate passed that part at the same time that it passed the King-Anderson bill.

Mr. CURTIS. There is not any private enterprise provision in part B now.

Mr. JAVITS. I believe there is. However, we did do it once before.

Mr. LONG of Louisiana. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. LONG of Louisiana. Mr. President, the Senator has very kindly limited himself in presenting this amendment. The amendment presents a clear-cut issue: Do Senators want to strike out the medicare provision from the bill? If they want to do so, vote for the amendment. If they want to keep the medicare provision in the bill, vote against the amendment.

I yield back the remainder of my time.

Mr. CURTIS. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Nebraska. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). On this vote I have a live pair with the Senator from Missouri [Mr. SYMINGTON]. If at liberty to vote, I would vote "yea." If present, the Senator from Missouri would vote "nay." I therefore withhold my vote.

Mr. LONG of Louisiana (when his name was called). On this vote, I have a pair with the distinguished Senator from Virginia [Mr. BYRD]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Nebraska [Mr. HRUSKA]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. MCGEE] and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. MCGEE] would vote nay.

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business and his pair has been previously announced.

The result was announced—yeas 26, nays 64, as follows:

[No. 170 Leg.]

YEAS—26

| | | |
|---|---|---|
| Allott | Hickenlooper | Robertson |
| Bennett | Holland | Russell, S.C. |
| Cotton | Jordan, N.C. | Simpson |
| Curtis | Jordan, Idaho | Stennis |
| Dominick | Miller | Thurmond |
| Eastland | Morton | Tower |
| Ervin | Mundt | Williams, Del. |
| Fannin | Murphy | Young, N. Dak. |
| Harris | Pearson | |

NAYS—64

| | | |
|---|---|---|
| Aiken | Douglas | Mansfield |
| Anderson | Fong | McCarthy |
| Bartlett | Gore | McClellan |
| Bass | Gruening | McGovern |
| Bayh | Hart | McIntyre |
| Bible | Hartke | McNamara |
| Boggs | Hayden | Metcalf |
| Brewster | Hill | Mondale |
| Burdick | Inouye | Monroney |
| Byrd, W. Va. | Jackson | Montoya |
| Cannon | Javits | Morse |
| Carlson | Kennedy, Mass. | Moss |
| Case | Kennedy, N.Y. | Muskie |
| Church | Kuchel | Nelson |
| Clark | Lausche | Pastore |
| Cooper | Long, Mo. | Pell |
| Dodd | Magnuson | Prouty |

| | | |
|---|---|---|
| Proxmire | Smathers | Williams, N.J. |
| Randolph | Smith | Yarborough |
| Ribicoff | Sparkman | Young, Ohio |
| Russell, Ga. | Talmadge | |
| Scott | Tydings | |

NOT VOTING—10

| | | |
|---|---|---|
| Byrd, Va. | Hruska | Saltonstall |
| Dirksen | Long, La. | Symington |
| Ellender | McGee | |
| Fulbright | Neuberger | |

So Mr. CURTIS' amendment was rejected.

AMENDMENT NO. 332

Mr. BREWSTER. Mr. President——

The PRESIDING OFFICER (Mr. HARRIS in the chair). The Senator from Maryland is recognized.

Mr. BREWSTER. Mr. President, I call up my amendment No. 332, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. BREWSTER. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment (No. 332) offered by Mr. BREWSTER is as follows:

FACILITATING EFFECTIVE ADMINISTRATION

SEC. 342. (a) Subsection (b) of section 505 of the Classification Act of 1949, as amended (5 U.S.C. 1105(b)), relating to the maximum number of positions authorized at any one time for grades 16, 17, and 18 of the General Schedule of such Act and the authority of the President to approve a limited number of such positions for new agencies and functions, is amended by striking out "twenty-four hundred" and inserting in lieu thereof "twenty-five hundred", by striking out "fifty" in paragraph (2) of such subsection and inserting in lieu thereof "one hundred and fifty" and by striking out "created" in such paragraph and inserting in lieu thereof "created or substantially expanded by legislation enacted".

(b) The amendments made by subsection (2) of this section shall be effective notwithstanding subsection (h) of section 505 of the Classification Act of 1949, as amended, or any other provision of law and shall become effective on the date of enactment of this Act.

The PRESIDING OFFICER. How much time does the Senator from Maryland yield himself?

Mr. BREWSTER. As much time as I may use, Mr. President.

The PRESIDING OFFICER. The Senator from Maryland may proceed.

Mr. BREWSTER. Mr. President, this amendment would authorize certain additional physicians in the grades of GS–16, 17, and 18. At the outset, I shall be brief and pursue this only if acceptable to the Senator in charge of the bill.

The committee, at the time of its consideration of the bill and the writing of its report, saw the need for such additional supervisory personnel.

On page 156 of the committee report, it is stated:

To meet the substantial increase and responsibility and to put the Social Security Administration on a basis more nearly comparable to other agencies the committee recommends a substantial increase in the number of supergrades. The committee is concerned over the fact that the Social Security Administration, which requires a staff of 36,000 people to conduct its operations, has only 15 supergrade positions—a ratio of 2,400 to 1.

The committee goes on to state:

It is particularly important, therefore, that there be allocation of supergrades to the Social Security Administration commensurate with its duties and responsibilities.

It is my understanding that the committee did not go further, even though it recognized the need because it thought that another committee of the Senate could do the job.

Subsequently I checked with John W. Macy, Jr., Chairman of the Civil Service Commission, the Assistant Secretary who will carry out the responsibilities of the bill, and the chairman of the Committee on Post Office and Civil Service, the Senator from Oklahoma [Mr. MONRONEY], and all agree that additional supergrades are necessary.

Mr. ANDERSON. Mr. President, will the Senator from Maryland yield for a question?

Mr. BREWSTER. I am glad to yield to the Senator from New Mexico.

Mr. ANDERSON. Do I correctly understand that the chairman of the committee in the Senate is agreeable to the Senator's amendment?

Mr. BREWSTER. The Senator is correct.

Mr. ANDERSON. We left it out of the bill for a definite reason. We were afraid that the chairman was not agreeable to it and that we would be invading his jurisdiction. However, if the Senator assures us that the chairman has been satisfied, Senators should support the amendment, because it is completely right.

Mr. BREWSTER. I thank the Senator from New Mexico. I have checked this point with the Senator from Oklahoma [Mr. MONRONEY] and he has assured me that my amendment is agreeable to him.

Mr. President, as we all know, we are debating today a bill which, if enacted, will be the most significant social security legislation since the original Social Security Act was enacted in 1935.

It is for this very reason that I rise today to recommend that there be added to the bill a provision that I consider essential to the accomplishment of the great good that this bill holds for millions of Americans. I believe that it would be most unfortunate if, in enacting these much-needed and hard-won improvements and additions to the social security program, we failed to provide the means for assuring that the difficult and crucial job of implementing them is carried out in the most efficient way possible.

Even if we take for granted that the Social Security Administration will rise to the challenge as it always has done in the past, it will, unless we take preventive action, face a serious obstacle in effectively administering the expanded social security program that this bill calls for. I refer to the fact that the Social Security Administration will be seriously handicapped by the unrealistic limitation on the number of supergrades—that is, positions above grade GS–15—that is now allocated to it.

The Social Security Administration which already operates the biggest insurance program of its kind in the world, pays over $16 billion a year to nearly 20 million people, serves tens of thousands of people daily through a nationwide network of over 600 offices, and requires a staff of 36,000 people to conduct its operations today has only 15 supergrade positions, 2 of which are in the scientific and technical excepted group. This means that there is only 1 supergrade position for every 2,400 employees. In comparison, the Railroad Retirement Board, conducting a somewhat similar program of much smaller scope, has 1 supergrade position for every 211 employees—more than 10 times the percentage of supergrades now permitted the Social Security Administration. The Internal Revenue Service has 1 supergrade for every 277 employees. The Civil Service Commission has 1 for every 136, the General Services Administration 1 for every 434, and the General Accounting Office 1 for every 156. None of these agencies has less than five times the percentage of supergrades allocated to the Social Security Administration. It is abundantly clear, as pointed out by the distinguished chairman of the House Committee on Ways and Means, WILBUR MILLS, when he opened the House debate on H.R. 6675, that the allocation of higher level positions to direct the social security program has failed by far to keep pace with the rapid growth of the program.

And now, in enacting this bill, we will be expecting the Social Security Administration to take on a much larger job than it has ever been confronted with before, particularly during the next few years.

To begin with, the Social Security Administration will face a major job of advance planning and preparation to bring the health insurance programs into operation by next year. Extensive negotiations will be required to complete agreements and financial arrangements with fiscal intermediaries, insurance carriers, State agencies, and others. Broad-scale consultation will also be required with professional organizations representing the Nation's hospitals and others who furnish reimbursable health services. Operational policies and recordkeeping procedures will have to be worked out on a national scope—a large task and one never before undertaken in the health field. This will entail, among other things, getting information about the two health programs to 19 million old people, answering the many thousands of inquiries that will be prompted by the enactment of the new voluntary insurance plan, setting up records for those who elect to participate in the plan, and preparing and delivering identification cards for all the eligible aged. In addition to this vast enrollment task, the Social Security Administration will have the tremendous job of taking and developing new claims in order to establish the basic eligibility of the aged who have been uninsured for cash benefits and of all others over

65 who have not yet applied for social security benefits. This will mean a doubling of the old-age survivors, and disability insurance claims load for a single year, and it will take place at the same time that the many other changes that we are making in the existing social security law will bring a heavy volume of additional activity into Social Security district offices.

If we expect—and we certainly do—the Social Security Administration to carry out its new responsibilities in a manner befitting their importance and the needs and proper expectations of the American people, any unnecessary and inequitable handicaps upon the organization ought to be removed without delay. Effective carrying out of the provisions we are making for the health and security of the Nation's senior citizens, and for helping its widows and its orphans, is far too important to warrant risking impairment of the job by failing to allow the Social Security Administration enough higher level jobs to attract and retain people who have the required talents and skills.

In the light of all these considerations, I propose that the bill now before us be amended to provide that the existing law which allocates supergrade positions to the President for use in administration of new functions be changed so that the Social Security Administration will be assured of a substantial increase in the number of supergrade positions allocated to it. Specifically, I am recommending that 100 new supergrade positions be provided so that the President will be able to give the Social Security Administration a sufficient number of the kind of top management positions needed to do the job.

As you know, the central offices of the Social Security Administration are located in my own State of Maryland and I have first-hand knowledge about both the magnitude of the task now being done by that Administration and the ramifications that the bill now pending before us will have for the size of that task. I have felt so strongly that steps needed to be taken to help the Social Security Administration meet this expanded task that I discussed the problem with my colleagues on the Post Office and Civil Service Committee, and they agreed that an amendment such as I am proposing today is needed. And, of course, the Finance Committee, which conducted extensive deliberations on the provisions of H.R. 6675 and on the administrative implications of these provisions, also recognized the need for additional supergrades in the Social Security Administration and, in its report on the bill, recommended the very thing that I am proposing. The Senate Finance Committee said in its report:

> To meet the substantial increase and responsibility and to put the Social Security Administration on a basis more nearly comparable to other agencies the committee recommends a substantial increase in the number of supergrades. The committee is concerned over the fact that the Social Security Administration, which requires a staff of 36,000 people to conduct its operations, has only 15 supergrade positions—a ratio of 2,400 to 1. Many agencies in the Government with only a fraction of this number of employees have more supergrades.
>
> The allocation of higher level positions to the social security program has not kept pace with the rapid growth of the program. Enactment of this bill would result not only in further substantial increases in the number who are actually getting benefits but also in an enormous increase in the scope and variety of the benefits payable and in the administrative complexities involved in the operations of the program. It is particularly important therefore that there be allocation of supergrades to the Social Security Administration commensurate with its duties and responsibilities.

I hope that all Senators who are as concerned as I am in the smooth and successful carrying out of the far-reaching programs we are acting on today, will join me in voting for the inclusion of this provision in H.R. 6675.

Mr. President, I should like to propound a question to the Senator from Louisiana [Mr. LONG], the Senator in charge of the bill, to inquire if my amendment meets with his approval.

Mr. LONG of Louisiana. Mr. President, the Senator from Maryland has correctly stated the problem. There is no doubt that if this bill, when it becomes law, is to be properly administered, the Department will have to hire doctors, insurance experts, hospital administrators, and others, to help the Department operate the program efficiently and wisely, and also to set standards for administering the details of the program.

The kinds of persons who will be needed to administer and operate such a program properly are not going to be available for $15,000 a year. We would do well to get them even at super grade pay. The kinds of persons we need for these jobs are already receiving $25,000 and more in their present employment, so that the super grades will definitely be needed, and Congress will have to provide them.

The Department feels that it would need, at a minimum, 100 employees at super grade pay. We did not put that in the bill because the Committee on Post Office and Civil Service, we felt, has jurisdiction over that kind of legislation.

Subsequently, I believe that the Senator from Maryland—in whose State incidentally most of these employees would be working—has looked into the matter and inquired of the distinguished chairman of the committee and of the ranking Republican member, the latter of whom incidentally was the Senator on the Finance Committee who raised the need of additional supergrades. I also understand from him that the chairman of the Post Office and Civil Service Committee would be willing to support the amendment.

If that is the case, I would have no objection to the amendment of the Senator from Maryland. The Finance Committee, did not wish to do this without touching base with the Committee on Post Office and Civil Service.

The distinguished Senator from Kansas [Mr. CARLSON], the ranking member of the Republican side of the aisle, who was former chairman of the committee is in the Chamber. I know that he has some views on this problem, and I would be very happy to yield to him so that he might explain his views. To that end, Mr. President, I yield 5 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 5 minutes.

Mr. CARLSON. Mr. President, I am not insensitive to the need for supergrades, but I believe that the Senate should recognize that it would be establishing a precedent which it has refused to do for other agencies of the Government. Supergrades which have been created for the use of various agencies of the Government have come through the regular Committee on Post Office and Civil Service. We assign them to the Civil Service Commission, which allocates the supergrades to the other agencies of the Government. This would be, therefore, an unusual procedure. I remember only one previous occasion when this was done, when the Senate ever voted for a supergrade for any agency.

Accordingly, I shall not oppose the amendment, because I realize the need for it. I believe that the social security operation under the Department of Health, Education, and Welfare, has been a stepchild of that agency.

Mr. LAUSCHE. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senator will suspend. The Senate will be in order.

The Senator from Kansas may proceed.

Mr. CARLSON. Mr. President, the——

Mr. ANDERSON. Mr. President, will the Senator from Kansas yield for a moment?

Mr. CARLSON. I am glad to yield.

Mr. ANDERSON. I could not hear the Senator, whether he favored or did not favor the amendment of the Senator from Maryland.

Mr. CARLSON. I do not oppose the amendment. I am not happy about it, for the reason that I believe it would establish a precedent which has been invoked only once during my entire service in the Senate. However, I feel so keenly the need for supergrades that I hesitate to oppose the amendment today. I would be happy if the Civil Service Committee would meet and vote the 100 or more supergrades which will be needed. Let us not legislate in this way. If there were a yea-and-nay vote on the amendment, I would have to vote against it; but, personally, I believe that we should have it.

Mr. ROBERTSON. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG of Louisiana. Mr. President, I yield 2 minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 2 minutes.

Mr. ROBERTSON. Mr. President, I am very much opposed to this amendment. The Senate does not create $20,-

000 and $25,000 jobs 100 at a time in this way.

The pending amendment proposes to change the Classification Act, which has nothing in the world to do with it. If we had any rule concerning germaneness, it would go out on a point of order, but Senators can bring up almost anything they wish on the floor of the Senate and force a vote upon it.

I do not know how much this would cost, or how many employees of this kind would be needed. I believe that it would set a bad precedent.

Let us take a look at what happens when we are dispensing these "sugar plums."

The President recommended an increase of $3.6 billion. The House increased that to approximately $5.8 billion. The Senate then raised it to $6.8 billion. Now, on the Senate floor, we have raised it to $7.2 billion.

Anyone who has read about the decline and fall of the Roman Empire knows about bread and circuses.

We have provided in the budget for the coming fiscal year for every type of relief we could think of, totaling $44 billion.

The President has sent up a new medicare bill. Everyone wants to add sugar plums, of course. So we add to the President's bill. This is not even an election year. We raise the President's figure to $7.2 billion. What do Senators think will happen in the election year of 1968? It will be double that, because every Senator has some friends to whom to say, "Think what I did for you." I am against it.

Mr. LONG of Louisiana. Inasmuch as the matter has come up, we might as well agree to it and go to conference with it and leave it with the conferees. If the chairman of the Committee on Post Office and Civil Service were objecting to it, I would look at the matter differently.

The amendment, while it would cost some money and provide some high salaried people in the Department to administer the program, would probably save money in the long run. We have a $7 billion program. We shall need some highly competent people to run it. That is what we are setting up. We need competent people. We can either do it now or wait. In view of the fact that the distinguished chairman of the Committee on Post Office and Civil Service, having jurisdiction over the subject, does not object, I would just as soon vote for it.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. ANDERSON. I completely agree with the Senator from Louisiana and the Senator from Maryland in their position. In part (b) we would set up a premium income of $1 billion in the first year. Anyone who is familiar with trying to start an insurance business knows that he does not start with a billion dollars in premium income. That is a very large premium income. We need the wisest insurance experts that we can possibly get to administer the program.

I was a little disturbed by what the Senator from Kansas said. I have the greatest respect for the Senator from Kansas. If FRANK CARLSON believes that this amendment should be kept out, I will vote to keep it out. This is a very complex problem. Those of us who have tried to start an insurance company know how difficult it is to find the right personel to operate it. I know some people in the insurance business who have started at far higher salaries than are proposed to be paid here. If we pass the bill, we will have some time to see what the other members of the Post Office and Civil Service Committee believe. It might be that they might change their minds before we reach the conference.

I compliment the Senator from Maryland on trying to add the amendment to the bill.

Mr. CARLSON. Mr. President, I believe in this principle as keenly as does the distinguished chairman of the committee and the distinguished Senator from New Mexico [Mr. ANDERSON]. I am sure they will agree that I was the one who brought up the subject in committee. I could sense the need for it. I do not like the method of creating supergrades on the floor of the Senate. I will make this commitment: If the chairman of our committee will call a meeting any day next week, I will try to obtain authorization for the supergrades that the Commission determines it needs. I believe that is the proper way to do it. In that way we would not blanket these people in. I hope the Senator from Maryland will withdraw his amendment.

Mr. LONG of Louisiana. I hope the Senator will withdraw it on that basis. The matter will be considered in the Committee on Post Office and Civil Service. The Senator from Maryland was discussing the amendment with another Senator at the time the Senator from Kansas spoke. The Senator from Kansas has assured us that the committee would meet promptly and recommend the needed supergrades.

Mr. BREWSTER. Mr. President, I thank the Senator from Louisiana and the Senator from New Mexico and the Senator from Kansas for their assistance in this matter. I wished to bring it to the attention of the Senate. The Social Security Administration is located in Maryland. I am acutely aware of the need for the appropriate personnel to carry out the medicare program when it is enacted into law.

With the assurances given by the ranking Republican member of the Committee on Post Office and Civil Service, and also with the support of the distinguished Senators who have spoken for the amendment, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. LONG of Louisiana. Mr. President, I have an amendment at the desk. I should like to call it up. It bears my name.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 360, line 23, strike out "January 1, 1966" and insert in lieu thereof "October 1, 1965".

On page 361, lines 5 and 6, strike out "of the first $80 per month of earned income" and insert in lieu thereof "(i) the State agency may disregard not more than $7 per month of any income and (ii) of the first $80 per month of additional income which is earned".

On page 361, between lines 7 and 8, insert the following:

"(b) Effective October 1, 1965, section 402 (a)(7) of the Social Security Act (as amended by section 411 of this Act) is further amended by inserting before the semicolon at the end thereof the following: ', and (C) the State agency may, before disregarding the amounts referred to in clauses (A) and (B), disregard not more than $7 of any income'.

"(c) Effective October 1, 1965, section 1002 (a)(8) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: ', and (C) may, before disregarding the amounts referred to in clauses (A) and (B), disregard not more than $7 of any income'."

On page 361, line 16, strike out "(b) Effective January 1, 1966" and insert in lieu thereof "(d) Effective October 1, 1965".

On page 361, line 19, strike out "(A) of the first $80 per month of earned income" and insert in lieu thereof "(A) the State agency may disregard not more than $7 of any income, (B) of the first $80 per month of additional income which is earned".

On page 362, line 6, strike out "(c) Effective January 1, 1966" and insert in lieu thereof "(e) Effective October 1, 1965".

On page 363, strike out "and" in line 14, strike out the semicolon in line 19 and insert in lieu thereof a comma, strike out the close quotation marks and the period in line 20, and between lines 20 and 21 insert the following:

"(D) the State agency may, before disregarding the amounts referred to above in this paragraph (14), disregard not more than $7 of any income; and".

Mr. LONG of Louisiana. Mr. President, the amendment is similar to the amendment the committee reported to the Senate last year. The Senate agreed to it, and it was taken to conference. It was an amendment that I had suggested. It provides that when persons get the increase in their social security payments, if the State cares to do so, the State may disregard the $7 increase and the recipients may keep the $7, without reducing the public welfare check. The Senate agreed to it without dissent last year. I have discussed it with other members of the committee, and they would be willing to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. HARRIS. Mr. President, I support the amendment of the Senator from Louisiana.

Mr. SALTONSTALL. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG of Louisiana. I yield.

Mr. SALTONSTALL. I have prepared three or four questions on the matter of the administration of the bill by State agencies, and I have submitted them to the Senator from Louisiana [Mr. LONG], who is in change of the bill. I invite his attention to pages 108 and 109 of the bill, which have to do with the use of State agencies to determine compliance by providers of services with conditions of participation. I also call the Sena-

tor's attention to pages 48, 49, and 50 of the committee report with relation to the administration of the health insurance provisions.

As a former Governor and as one who believes the law should be administered to the greatest extent possible by States and localities, rather than by services in Washington, I should like to ask the Senator from Louisiana certain questions for the RECORD:

To what extent does the Secretary of Health, Education, and Welfare intend to use State agencies and private organizations in administering the health care sections of the bill?

Will the major administrative functions be delegated primarily to the Secretary of Health, Education, and Welfare or State agencies and private organizations?

Mr. LONG of Louisiana. Mr. President, I yield myself such time as I may need.

It is intended that private insurance and prepayment organizations would be used primarily in the following ways:

If nominated by a group of hospitals or other providers of service, the private organization, if the arrangement is approved by the Secretary as an economical one, would use approved formulas to determine the costs of individual providers of service.

They would review the bills submitted by providers of services and reimburse them for their costs.

They would be responsible for administering provisions related to control of utilization.

They would also perform audit functions including postaudit reviews.

In the case of the supplementary medical insurance program, private organizations would make a determination of reasonable charges and review and pay doctor's bills.

Local medical societies may also be used in the establishment of utilization review committees.

The Joint Commission on Accreditation of Hospitals would in effect have a primary role in determining what hospitals would qualify to participate in the program. Hospitals which are accredited by the Joint Commission—consisting of AMA, American Hospital Association, American College of Surgeons, and American College of Physicians—would automatically—unless the State determined otherwise—meet all requirements to participate except utilization review, not now a requirement for accreditation.

The Senator also asked about State agencies, I believe.

Mr. SALTONSTALL. I asked about State and private agencies.

Mr. LONG of Louisiana. In regard to State agencies: Under reimbursible agreements with the Secretary, they will make the initial determinations as to whether various institutions qualify for participation in the program.

State agencies will be consulted about qualifications for participation and can recommend to the Secretary that higher than minimum standards apply in the particular State.

Groups of providers of services can, if they wish, nominate State agencies to serve as the "fiscal intermediaries" for the determination of costs of a particular provider and the payment of bills. If they are selected they would also have responsibility for certain audit functions and for administering provisions related to control of utilization.

States would also have responsibility for any planning activities needed to relate the program for the aged to other aspects of health care in the State, with the Federal program paying a share of the cost.

State agencies can be used also to help set up utilization committees in those situations where a provider of a service does not have such a committee.

On a reimbursable basis the State agencies can be used to consult with provider of service for the purpose of helping substandard institutions come up to qualification standards.

It is intended that major administrative functions be divided, with those aspects of administration related to direct dealing with the various providers of services being performed largely by the State agencies and private organizations, and with the tasks related to basic eligibility of individuals, premium collection under the supplementary medical insurance program, and general recordkeeping being performed by the Secretary.

Mr. SALTONSTALL. I thank the Senator. Broadly speaking, what the Senator has said is that the Secretary of HEW will use private organizations in the State as far as he can. He would use the State agencies as consultants and assistants in the administration of the bill as far as he can.

I should like to ask one additional question: Who will be responsible for the auditing and recordkeeping functions of the program?

Mr. LONG of Louisiana. Audits will be performed in the first instance largely by private organizations and State organizations but the Federal Government has also a residual responsibility for auditing on a sample basis.

Some recordkeeping functions will be performed by private organizations and State agencies but it is intended on the basis of present thinking that basic records on individual eligibility and utilization of services, a part of eligibility, will be incorporated into existing socal security recordkeeping operations.

Mr. SALTONSTALL. So that fundamentally private organizations, local organizations, and State organizations under the general overall direction of the Department of Health, Education, and Welfare would carry out the functions of the bill. They would not all be transferred to Washington with an immense increase in bureaucracy. Is that correct?

Mr. LONG of Louisiana. That is our intention.

Mr. SALTONSTALL. Has the Senator any idea of the number of additional employees that would be required in Washington?

Mr. LONG of Louisiana. It is estimated that more than 3,000 employees would be engaged in each of the health insurance programs. I am sure the Senator realizes that this is a very big bill.

Mr. SALTONSTALL. They would be not only here in Washington, but all over the country. Those will be the Federal employees who will help to administer the bill. The State governments, the local authorities, and the various cities and the private organizations, such as private hospitals in Massachusetts, including Massachusetts General Hospital and other recognized hospitals, would be responsible for carrying out and interpreting the act to the best of their ability.

Mr. LONG of Louisiana. The Senator is correct.

Mr. SALTONSTALL. I thank the Senator.

Mr. LONG of Louisiana. Mr. President, since there appears to be no opposition to the amendment, I ask for its adoption

The PRESIDING OFFICER. Does the Senator from Louisiana yield back the remainder of his time?

Mr. LONG of Louisiana. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. MORTON. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. On page 264, beginning with line 21, it is proposed to strike everything through line 11 on page 267.

The portion of the bill proposed to be stricken is as follows:

COVERAGE FOR DOCTORS OF MEDICINE

SEC. 311. (a)(1) Section 211(c)(5) of the Social Security Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a Christian Science practitioner."

(2) Section 211(c) of such Act is further amended by striking out the last two sentences and inserting in lieu thereof the following: "The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under section 1402(e) of the Internal Revenue Code of 1954 is in effect."

(3) Section 210(a)(6)(C)(iv) of such Act is amended by inserting before the semicolon at the end thereof the following: ", other than as a medical or dental intern or a medical or dental resident in training".

(4) Section 210(a)(13) of such Act is amended by striking out all that follows the first semicolon.

(b)(1) Section 1402(c)(5) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a Christian Science practitioner."

(2) Section 1402(c) of such Code is further amended by striking out the last two sentences and inserting in lieu thereof the following: "The provisions of paragraph (4)

or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under subsection (e) is in effect."

(3)(A) Section 1402(e)(1) of such Code (relating to filing of waiver certificate by ministers, members of religious orders, and Christian Science practitioners) is amended by striking out "extended to service" and all that follows and inserting in lieu thereof "extended to service described in subsection (c)(4) or (c)(5) performed by him."

(B) Clause (A) of section 1402(e)(2) of such Code (relating to time for filing waiver certificate) is amended to read as follows: "(A) the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to subsections (c)(4) and (c)(5)) of $400 or more, any part of which was derived from the performance of service described in subsection (c)(4) or (c)(5); or".

(4) Section 3121(b)(6)(C)(iv) of such Code (relating to definition of employment) is amended by inserting before the semicolon at the end thereof the following: ", other than as a medical or dental intern or a medical or dental resident in training".

(5) Section 3121(b)(13) of such Code is amended by striking out all that follows the first semicolon.

(c) The amendments made by paragraphs (1) and (2) of subsection (a), and by paragraphs (1), (2), and (3) of subsection (b), shall apply only with respect to taxable years ending on or after December 31, 1965. The amendments made by paragraphs (3) and (4) of subsection (a), and by paragraphs (4) and (5) of subsection (b), shall apply only with respect to services performed after 1965.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky. How much time does the Senator yield to himself?

Mr. MORTON. Mr. President, I yield myself 5 minutes.

The purpose of this amendment is very simple; it requires no detailed explanation. It would remove section 311 from the bill. Section 311 provides for social security coverage of physicians and interns. Under the provisions of section 311 self-employed physicians would be covered for taxable years ending on or after December 31, 1965, and interns would be covered beginning on January 1, 1966. This amendment would delete this compulsory coverage.

There are today in this country some 290,000 physicians, and interns. About 150,000 of these interns and physicians are covered by social security by virtue of their employment by hospitals, insurance companies and others. So what we are talking about is compulsory coverage for about 140,000 physicians who are adamantly opposed to such coverage.

Why are they to be covered? Certainly when compared to the 65 million persons covered today by social security, their number become insignificant. The tax derived from their coverage could not be regarded as an indispensable addition to the fund. Why then should they be compelled to accept coverage? I can find no reason. On the contrary, the evidence indicates that they should best be left where they are. The committee felt so last year and by a vote of 12 to 5 removed a similar provision from the social security bill under consideration at that time.

Physicians look at their work somewhat differently than do most other of our employed. When the ordinary employee reaches the 50-year mark he begins to think of retirement, and most of our retirement programs are geared to the 60 to 65 age level. But not so with physicians. For the most part, they look forward to the practice of their profession well into their seventies. What then would the effect of compulsory inclusion be? Simply this; we would impose a tax that they would be required to pay without receiving any benefit until they were past 72, the age limit at which income limitations cease to apply. How can this type of treatment be justified? Frankly I do not think that it can be.

Certainly it would not be in the public interest to encourage physicians to retire at 65. But that is the effect of forcing physicians to participate in a program from which they will receive, at best, only limited benefits. It might be different if social security were truly an insurance program but admittedly it is not. It is a taxing program and the revenue is used to pay current benefit obligations.

In many small towns and rural areas there is a critical shortage of physicians. Many physicians continue to practice their profession well past the age of 65. They render invaluable service. I am afraid we shall be making a bad situation worse by forcing all physicians to go on social security. There would be little incentive for them to practice beyond the age of 65, and we would further diminish the number of doctors available, especially in the small towns and rural areas. I suggest that we wait and find out what physicians desire, and if they get together—as indeed finally the lawyers and the dentists did—it will be time enough to put them under social security.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. CARLSON. I associate myself with the remarks made by the distinguished Senator from Kentucky [Mr. MORTON]. There are great rural areas in this Nation where doctors cannot retire at the age of 65 because of the lack of doctors. They therefore would be unable to secure any benefit from the program.

Second, if the amendment is approved, the subject will be in conference, because the House has already placed physicians under the social security program. Therefore, in conference, our committee would be given an opportunity to work on the subject.

I sincerely hope that the Senate will adopt the amendment of the Senator from Kentucky.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. SPARKMAN. I should like to ask the Senator a question. In the past, various groups of professional people have been placed under social security; but has that not been on an optional basis each time?

Mr. MORTON. The Senator is correct.

Mr. SPARKMAN. I remember quite well that I sponsored an amendment to cover State and county employees, firemen, policemen, and also schoolteachers. I am sure that in each instance it was placed on an optional basis. I remember that one group would come in and another one would not. For example, I recall that some schoolteachers desired to be covered while the National Association of Teachers did not want it. It was 2, 3, or 4 years before they came under coverage.

The same thing was true of firemen. I can recall that in the case of firemen the procedure was broken down even to units, less than on a statewide basis, but it was on an optional basis. They were given the right to come in if their unit, whatever the unit was, asked them to do so.

Mr. MORTON. The same thing applied in the case of the American Bar Association. Three times the lawyers decided they did not want to come under social security, but finally in 1956 they decided to come under it.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. ERVIN. I wish to associate myself with the remarks made by the Senator from Kentucky in support of his amendment, which in my judgment is a very just amendment. For that reason I expect to support the amendment offered by the distinguished Senator from Kentucky.

Mr. MORTON. I thank the Senator from North Carolina.

Mr. President, I ask unanimous consent that the name of the junior Senator from Oklahoma [Mr. HARRIS] who spoke to me about this matter earlier today, be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORTON. I thank the Senator.

Mr. President, I ask unanimous consent that the junior Senator from Oklahoma [Mr. HARRIS], who spoke to me about this subject early in the day, may be made a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. COTTON. I commend the Senator from Kentucky for offering the amendment. As he knows, I have been deeply interested in the effort to retain doctors in rural communities. The amendment has much merit and I therefore associate myself with the Senator in its support.

Mr. SIMPSON. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. SIMPSON. I associate myself with the remarks of the Senator from Kentucky. Would the Senator object to my asking for the yeas and nays?

Mr. MORTON. Perhaps the Senator from Louisiana will accept the amendment; if so, it will not be necessary to ask for the yeas and nays.

The Senator from Wyoming wishes to ask for the yeas and nays. Is the Senator from Louisiana willing to accept the amendment?

Mr. LONG of Louisiana. No; I cannot do that.

Mr. SIMPSON. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBERTSON. Mr. President, will the Senator from Kentucky yield for a question?

Mr. MORTON. I yield.

Mr. ROBERTSON. Under the Senator's amendment, could doctors who wanted to participate in social security do so? I understand that the House bill forces all doctors under social security; we take all doctors out; under the Senator's amendment, could some doctors come under social security if they so desired?

Mr. MORTON. Not under my amendment. Perhaps some arrangement might be made in conference.

In the United States today are 290,000 physicians and interns. One hundred and fifty thousand are already under social security by virtue of their employment by insurance companies or industry.

Perhaps in conference it might be possible to arrive at an arrangement such as the Senator from Alabama [Mr. SPARKMAN] said was made with respect to firemen in that State.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. MILLER. I ask unanimous consent that I be shown in favor of the amendment of the Senator from Louisiana [Mr. LONG], just adopted by a voice vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORTON. Mr. President, I yield 2 minutes to the Senator from South Carolina.

Mr. THURMOND. Mr. President, under the bill as passed by the House, I understand that it is mandatory that doctors come under the social security law.

Mr. MORTON. That is correct.

Mr. THURMOND. Under the Senator's amendment, would doctors be excluded altogether?

Mr. MORTON. Yes, except those covered by reason of their employment by insurance companies or industry.

Mr. THURMOND. Doctors in private, independent practice would be excluded. My thinking is that the question should be optional with doctors; and that could decide whether they wish to be included within the social security program. Is it the Senator's hope that if the amendment is adopted there will be a conference at which, possibly, that result, or some similar result, may be reached?

Mr. MORTON. That is a difficult result to reach, because obviously a person would not want to come under it unless he envisaged early retirement or had just graduated from medical school, married, acquired some debts, and wanted to be eligible for survivorship benefits. Conceivably, something could be arranged.

Mr. THURMOND. The Senator from Virginia [Mr. ROBERTSON] made the important point that if the choice were made optional, doctors could come under the plan if they so desired, but that doctors would not be mandatorily covered in this fashion.

Mr. MORTON. The lawyers stayed out of the program following two votes; but on the third vote, they decided to come in.

Mr. RIBICOFF. Mr. President, I yield myself 5 minutes.

I oppose the amendment. Basically, the only large self-employed group in the country today not covered under social security are the doctors. As the Senator from Kentucky admits, one-half the doctors in the country are now covered by social security because of their employment by corporations, hospitals, or universities, where they are considered employees and their contributions to the fund are matched.

It is known that the American Medical Association, purporting to represent the doctors, does not want to come under social security. The AMA has consistently refused to poll the doctors, but over the years, a number of State medical societies have taken polls. They have disclosed that the overwhelming number of doctors wished to come under social security.

There is no basic reason why a doctor and his family should not be covered. All doctors do not live beyond 65; many doctors die at a young age, leaving their wives and children. During the early years of a doctor's practice, he has not had an opportunity to accumulate a large estate; consequently, when a doctor dies at the age of 35 or 40, leaving his widow and children, all of us know that those young families do not have the social security benefits that are afforded other employed persons in the United States. We have observed such experiences in our own home towns.

That the American Medical Association has refused to allow its membership to vote on this question indicates its fear that the vote would go against them. Under the circumstances, I see no reason why a self-employed doctor should not have the same coverage as is afforded Americans who are employed in business or industry.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. LONG of Louisiana. The point has been made that some doctors continue to work after they reach the age of 65. So do many other people. But by the time they reach the age of 70, 78, or 80, and especially beyond 80, they are not going to be working, and they ought to have retirement income.

Mr. RIBICOFF. Not only that; many lawyers and dentists work beyond the age of 65. So do many accountants. The members of other professions work beyond the age of 65, as do many of us, and they are covered.

The basic reason why doctors have not been included—and it is a practical one—is that doctors have fought social security and medicare. They have fought it year in and year out. They have felt—and I can understand their reason—that if they were against the social security approach, they should not place themselves in a position where they would become social security beneficiaries.

The facts are clear and evident that under the leadership of the distinguished Senator from New Mexico [Mr. ANDERSON] the bill, after 5 years, is about to become law. I am convinced, and I am confident, that the doctors of America will fulfill their responsibilities and do their duty to take care of sick persons, whether they be private patients or patients who come under the social security law.

Under the circumstances, some doctors will want to be social security beneficiaries, and there is no reason why they should not be social security beneficiaries.

I suggest that every Senator who knows a doctor should speak with him privately. He will learn that the doctor does not really understand why he should not come under social security. The real reason is that pressure has been placed on him by the AMA.

But now that we are passing the bill and no longer is there the question of avoiding medicare, the time has come to do for the doctors, their wives, and their children what has been done for those employed in business or industry or in any other profession. If the social security benefits are good enough for lawyers, dentists, accountants, and druggists, and every other profession one can think of, I do not see why the program is not good enough for doctors.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. LONG of Louisiana. Only the other day a widow called me, frantically asking when the bill would become law. She is a widow and has two children in college. One has passed the age of 18; the other will soon be 18. That little family needs the benefits of the liberalized provisions in the bill to enable the children to continue their schooling, obtain an education, and receive some of the help provided by the social security program.

If the widow had been the wife of a doctor, she would not be able to obtain any help. She would have to apply to the public welfare department. That is the kind of situation that needs attention. If the doctors do not want help, what about their widows and children?

Mr. RIBICOFF. The Senator is absolutely correct. I recall that a few weeks ago the editor of a leading newspaper in my State called me and asked whether I would not speak with a friend of his from Oregon.

A charming, educated woman of the age of 38 came into my office. She had three young children. She had married a young man while he was still in medical school. Her husband had just about reached the stage at which he had gone through an internship, through a residency, and had gone out to the State of Oregon to begin the practice of medicine. He died within a year. The young doctor was indebted because of borrowing to

open his practice. He left his widow without a nickel.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 5 additional minutes.

Mr. RIBICOFF. Mr. President, the widow came to my office. She was educated and talented, but she was in desperate straits. She needed work—any kind of job in order to feed herself and her children. This situation happens all the time, all over the country.

I recall that in my State of Connecticut, a brilliant young physician of the age of 45 had spent 10 or 12 years preparing himself for his profession. He caught a disease from one of his patients and died, leaving a wife and two children.

The widow came to me and told me a story similar to that told by the widow of the doctor from the State of Oregon. She asked: "Who will support me and my children?" All her neighbors, whether they work in a factory or a grocery store, or are the widows of lawyers or accountants, would be in a position to receive benefits from social security. Suddenly, because of the practice of the AMA, we are placed in a position of denying to an individual physician, his wife, and children, the opportunity to receive the same social security benefits received by every other employee in the United States.

I believe that we have a problem concerning the coverage of doctors, and that we, as Senators, owe an obligation to the wives and children of doctors. We should not seek to exclude them from the coverage of social security.

Mr. GORE. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. GORE. Mr. President, in pursuance of the views of the Senator that we have a social obligation, I should like to call the attention of the Senate to another instance in which such a provision would have been very helpful, had doctors been previously covered by the social security system.

In a certain county with which I have personal association, there are six doctors. Two of these six doctors are now elderly, in ill health, and unable to practice. Neither of them has laid aside any worldly goods.

Both those doctors have been country physicians who gave much of their time without charge. They are now in the evening of their lives. Frankly, they are in need. Their need would have been attended to had they been covered under the social security program a long time ago.

I believe that we should do this now and not support the position taken by the distinguished Senator from Kentucky.

Mr. RIBICOFF. Mr. President, may I say further to the distinguished Senator from Kentucky that it is said that the doctors themselves oppose being covered under social security. Yet, a number of State medical societies have taken it upon themselves to poll the doctors.

I have before me some figures—appearing on page 957 of the hearings—which constitute the results of polls taken in various States concerning whether doctors themselves want to be covered by social security.

The table reads as follows:

*Results of State medical society social security polls*

| State | In favor | Opposed | Number of votes in AMA House of Delegates |
|---|---|---|---|
| States for social security (19): | | | |
| California | 635 | 372 | 21 |
| Connecticut | 1,391 | 504 | 3 |
| Delaware | 135 | 85 | 1 |
| District of Columbia | 550 | 192 | 2 |
| Florida | 957 | 714 | 5 |
| Maine | 369 | 210 | 1 |
| Massachusetts | 3,253 | 988 | 6 |
| Michigan | 1,781 | 1,048 | 7 |
| Missouri | 277 | 148 | 4 |
| New Jersey | 2,174 | 916 | 6 |
| New York | | | 24 |
| Ohio | 4,095 | 2,737 | 9 |
| Pennsylvania | 5,605 | 3,335 | 11 |
| Rhode Island | 70 | 30 | 1 |
| South Dakota | 155 | 104 | 1 |
| Utah | 322 | 188 | 1 |
| Vermont | 65 | 35 | 1 |
| Washington State | 60 | 40 | 4 |
| West Virginia | 436 | 237 | 2 |
| Total | | | 110 |
| States against social security (8): | | | |
| Arkansas | 167 | 596 | 2 |
| Georgia | 496 | 539 | 3 |
| Illinois | 2,790 | 3,301 | 11 |
| Indiana | 181 | 246 | 5 |
| Minnesota | 817 | 1,030 | 4 |
| Oklahoma | 446 | 761 | 2 |
| Virginia | 38 | 62 | 3 |
| Wisconsin | 854 | 870 | 4 |
| Total | | | 34 |

Mr. President, considering the number of delegates that the various States have in the house of delegates of the American Medical Association, 110 delegates were in favor of social security coverage and 34 delegates were opposed, if we analyze the figures.

This is not an open and shut proposition in which the medical profession is opposed. Many in the medical profession is for social security coverage.

Time and time again in the United States, various doctors have said to the American Medical Association: "Under your own circumstances, under your own rules, under your own provisions, poll the doctors of America." The AMA has consistently refused to poll its own doctors.

If we were to agree to the amendment offered by the Senator from Kentucky, it would not be a matter of taking care of the doctors. We would be rendering a great disservice to the families of doctors—especially the younger doctor just starting out in his career.

I see no reason why the wives and children of the doctors should not have the same rights and privileges possessed by every other citizen of the United States.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself 5 additional minutes.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield 3 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG of Louisiana. Mr. President, one reason why we are importuned by many persons, who contend that they speak for doctors, to leave the doctors out of the program is that many doctors do not really understand the problem.

Their situation as a professional group, and from an economic point of view is very similar to that of lawyers. Lawyers do not want to retire at the age of 65. One-fourth of the Members of the Senate are over the age of 65. However, we must think about the young doctors and the families. This kind of protection for a young man for his wife and children would cost much more from a private company than it would under the group insurance that would be available to that family under the social security program.

This matter was debated in Ohio when the junior Senator from Ohio was president of the bar association in his city. He told the story that at that time the lawyers were on record as being opposed to social security coverage for certain lawyers.

The junior Senator from Ohio, as president of the bar association, called for a debate. He got two lawyers to debate the case against social security, and he got two lawyers to debate the case for social security coverage. A large audience was present at the debate.

After the debate was concluded, even though their bar association was on record as being opposed to social security coverage, they had a vote. Every man who had heard both sides voted unanimously that lawyers should be covered by social security—including the two who had debated against social security coverage for certain lawyers.

That is about how it worked out if the doctors understood the situation as the lawyers did in the State so ably represented by the distinguished junior Senator from Ohio, who brought this matter to the attention of the members of the bar association at the time he was their president.

Mr. President, I believe that we have gone around long enough leaving the doctors not covered by social security benefits. This has been because the doctors do not really understand the situation. One of these days, we ought to vote for what is good for people whether they want it or not.

I am about ready to vote and go ahead and let the doctors be covered for the good of their wives and children, even though they are not asking for it.

Mr. RIBICOFF. Mr. President, I yield myself another 5 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for another 5 minutes.

Mr. RIBICOFF. Mr. President, I shall read some colloquy which is found on page 961 of the hearings.

The colloquy was between Dr. Schamberg and the senior Senator from Illinois [Mr. DOUGLAS]. It is based upon a poll that was taken by the medical journal called Medical Economics:

Senator DOUGLAS. You never mentioned that before, the poll by Medical Economics. That was not included in your body of your testimony. I would like to hear about that.

Dr. SCHAMBERG. I would be very happy to submit this for the record. This is 1965. A sampling was requested by Medical Economics, saying, "Do you already have some social security coverage as a result of past or present employment? Yes, 53.5 percent. No, 38.3. Don't know, 8.2.

"If you already have some coverage, some social security coverage, how do you feel about it."

Of those who responded, 47.8 percent stated that they were glad to have it and wanted more; 33.5 percent said they were glad to have it but did not want any more. Adding those two figures 81.3 percent of the physicians who had some social security coverage were glad that they had it. The other two categories were "Would prefer not to have coverage," 16.7, and "Mixed feelings, 2 percent."

Senator DOUGLAS. What about those who were not covered, the independent practitioners?

Dr. SCHAMBERG. This is interestingly difficult. The question was asked, "If you do not already have some social security coverage do you want coverage for yourself?" 50.4 percent, just over a majority said "Yes;" 28.6 percent said "No;" 11 percent were undecided.

Senator DOUGLAS. Would you have copies of that made and submitted for the record?

Dr. SCHAMBERG. I will be happy to submit this now.

Senator DOUGLAS. Very good.

The statistics are here. As one goes through them, one comes out with the following consensus: 64.1 percent of the doctors say "yes"; 17.9 percent say "no"; 18 percent have no opinion.

Therefore, we have a situation in which at every opportunity doctors have had to indicate a choice, they have indicated that they would like to obtain coverage.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. ROBERTSON. Did the Senator refer to the poll taken in the State of Virginia, where the doctors voted 2 to 1 against it?

Mr. RIBICOFF. I read it. In the State of Virginia those in favor were 38; opposed, 62.

Mr. ROBERTSON. That is the point. The distinguished Senator from Louisiana [Mr. LONG] said the time had come when we should vote for the people to have it whether they want it or not.

A great political philosopher who was born in Virginia, who was a scholar, who was the president of a great university called Princeton University, Governor of the State of New Jersey, and President of the United States, whose name was Woodrow Wilson, once said, "I do not want a lot of smug experts sitting down behind closed doors in Washington playing Providence on me."

That is old-fashioned philosophy, but I still believe it.

Mr. RIBICOFF. I do not have to defend the Senator from Louisiana, but with respect to every law that has ever been enacted in Congress there will be found large numbers who do not want to come under it.

We are about to pass a landmark measure which will be of great help to people over 65. The point the Senator from Louisiana has made is that we have a proposal that is for the benefit of a large segment of the population, and it is also important for the doctors themselves, their wives, and their children. The fact that certain doctors do not want to be covered must be balanced against the fact that we have the duty of considering the problems and weighing the equities of covering them. That was the point the Senator from Louisiana made. I do not believe he has the philosophy of wanting to shove anything down the throats of the people if they do not want it.

Mr. LONG of Louisiana. Mr. President, if the Senator will yield, I was merely making the point that, as a practical matter, most doctors do not understand the benefits involved. They do not understand why they should be under it or should not be under it. If they had the benefit of hearing the debate that was had in Ohio, for example, they would be convinced that they should come under it, especially when they realize that they could not be covered for such medical care under a private plan except at a very great cost.

Mr. MORTON. Mr. President, I do not wish to delay a vote on the amendment. The yeas and nays have been ordered.

When it came to covering dentists, Congress provided that the dentists could be asked whether they wanted to come under the coverage or not, and provided that if they wanted to do so, they could. The same thing applied with respect to the legal profession. If my amendment is accepted, we shall do the same thing with respect to doctors that we did for the dentists and members of the legal profession. Congress can require a poll and let the doctors decide. The dentists came under the program on their own volition. The lawyers came under the program on their own volition. Other professional groups have come under it on their own volition. The option was given to them.

The House requires that they be covered. My amendment eliminates it. The conferees can then decide what to do.

I am prepared to have the amendment voted on.

Mr. RIBICOFF. Mr. President, I yield 2 minutes to the Senator from Tennessee.

Mr. GORE. Mr. President, it is true, as the Senator from Kentucky has said, that in the case of dentists and lawyers a referendum was held, but such was not the case with the people in general. Such was not the case when the Congress amended the Social Security Act to bring under coverage the self-employed. Such was not the case when Congress amended the Social Security Act to bring under coverage and its benefits the farmers of the country. So this is not a principle that is firmly imbedded.

One final argument: The AMA has made such a fine contribution to the enactment of medicare that I think it has earned the right to come under its benefits.

Mr. ELLENDER. Mr. President, I am informed that the distinguished Senator from Missouri [Mr. SYMINGTON] would vote as I would vote, and I intend to vote "yea."

Mr. MORTON. Mr. President, I yield back the remainder of my time.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

The rollcall was concluded.

Mr. LONG of Louisiana (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished Senator from Virginia [Mr. BYRD]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

I announce that the Senator from Wyoming [Mr. MCGEE], the Senator from Georgia [Mr. RUSSELL], and the Senator from Connecticut [Mr. DODD] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Virginia [Mr. BYRD] are necessarily absent.

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Wyoming would vote "nay" and the Senator from Nebraska would vote "yea."

On this vote, the Senator from Missouri [Mr. SYMINGTON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Missouri would vote "yea" and the Senator from Connecticut would vote "nay."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Wyoming would vote "nay."

The result was announced—yeas 41, nays 50, as follows:

[No. 171 Leg.]

YEAS—41

| | | |
|---|---|---|
| Aiken | Harris | Prouty |
| Allott | Hartke | Robertson |
| Bennett | Hickenlooper | Russell, S.C. |
| Carlson | Hill | Scott |
| Church | Holland | Simpson |
| Cooper | Jordan, N.C. | Smathers |
| Cotton | Jordan, Idaho | Sparkman |
| Curtis | Long, Mo. | Stennis |
| Dominick | Magnuson | Talmadge |
| Eastland | McClellan | Thurmond |
| Ellender | Morton | Tower |
| Ervin | Mundt | Williams, Del. |
| Fannin | Murphy | Young, N. Dak. |
| Fong | Pearson | |

NAYS—50

| | | |
|---|---|---|
| Anderson | Cannon | Jackson |
| Bartlett | Case | Javits |
| Bass | Clark | Kennedy, Mass. |
| Bayh | Douglas | Kennedy, N.Y. |
| Bible | Gore | Kuchel |
| Boggs | Gruening | Lausche |
| Brewster | Hart | Mansfield |
| Burdick | Hayden | McCarthy |
| Byrd, W. Va. | Inouye | McGovern |

| | | |
|---|---|---|
| McIntyre | Moss | Ribicoff |
| McNamara | Muskie | Saltonstall |
| Metcalf | Nelson | Smith |
| Miller | Neuberger | Tydings |
| Mondale | Pastore | Williams, N.J. |
| Monroney | Pell | Yarborough |
| Montoya | Proxmire | Young, Ohio |
| Morse | Randolph | |

NOT VOTING—9

| | | |
|---|---|---|
| Byrd, Va. | Fulbright | McGee |
| Dirksen | Hruska | Russell, Ga. |
| Dodd | Long, La. | Symington |

So Mr. MORTON's amendment was rejected.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG of Louisiana. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCARTHY. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 79, line 1, insert the word "professional" immediately following the word "than."

Mr. McCARTHY. Mr. President, the amendment merely adds the word "professional" so that the language will read: "other than professional services provided in the field of pathology, radiology, physiatry, or anesthesiology."

I believe that this point is clear in the bill and in the committee report, but in order to avoid any possibility of misunderstanding, I recommend that we add the word "professional."

Mr. LONG of Louisiana. Mr. President, I have looked over the amendment. I shall not oppose it. It would cost us nothing. These people would like to have their services referred to as professional services. It costs us nothing. It makes some people happy, and I am happy to agree to it.

Mr. McCARTHY. This change was asked for by physiatrists and others to avoid any confusion.

I yield back the remainder of my time.

Mr. LONG of Louisiana. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. McCARTHY].

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I send another amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 13, strike out "or".

On page 18, line 16, strike out the period and insert in lieu of such period a semicolon followed by "or".

On page 18, between lines 16 and 17, insert the following:

(4) posthospital extended care services which are furnished to him during any spell of illness for the care and treatment of any mental disease after such services have been furnished to him for such care and treatment for a total of 210 days during his lifetime.

Solely for the purposes of paragraph (3), a day counted (in determining the 210-day limit) under paragraph (4) with respect to any individual shall be deemed to constitute a day in which inpatient psychiatric hospital services are furnished to such individual; and solely for purposes of paragraph (4), a day counted (in determining the 210-day limit) under paragraph (3) with respect to any individual shall be deemed to constitute a day in which posthospital extended care services are furnished to him for the care and treatment of a mental disease.

On page 88, line 19, strike out the semicolon and insert in lieu thereof a period.

On page 88, beginning with "except" on line 20, strike out all before the period on line 23.

Mr. McCARTHY. Mr. President, the amendment clarifies one provision of the bill: It provides that patients in a tuberculosis or psychiatric hospital will be eligible for posthospital extended care services as well as inpatient hospital services.

I offered the amendment in the Finance Committee to transfer coverage for inpatient services in a psychiatric hospital from the voluntary supplementary plan, as provided in the House bill, to the basic hospital program. Approval of this amendment by the committee represents a substantial improvement in the measure and an important step in the recognition that protection against the hazards of mental illness should be provided on the same basis as for physical illness. The committee also agreed to extend the lifetime limit on coverage for psychiatric hospital care from 180 days, as provided by the House, to 210 days. I am hopeful that experience under the program will show that this limitation can be eliminated and that benefits can be provided on an equal basis. However, the amendment I am offering does not change the 210-day lifetime limit now in the bill.

There is no indication that this change will increase costs under the program, but it will provide greater flexibility in treatment by giving patients coverage for treatment in an approved psychiatric nursing home as well as in a psychiatric hospital. I urge acceptance of the amendment.

Mr. LONG of Louisiana. Mr. President, we have discussed the amendment. I would be willing to take it to conference—and I associate myself in this statement with the Senator from New Mexico—with the understanding that we have not had an opportunity to give it adequate study, even though it looks all right, and that we shall have to study it to see whether it should be sustained. If we should find in conference that there are some problems which do not appear on the face of the amendment, we shall have to consider it from that standpoint. It sounds all right at this point.

Mr. McCARTHY. I shall be glad to have the amendment accepted on that basis.

Mr. ANDERSON. Mr. President, the Senator from Louisiana is correct. There does not appear to be anything wrong with the amendment. We did not consider it. Like the Senator from Louisiana, I would be willing to accept it and take it to conference to see if there is any difficulty connected with it.

The PRESIDING OFFICER. If all time is yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCARTHY. Mr. President, I send another amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 343, following line 25, it is proposed to insert the following:

(f)(1) Section 223(c)(1) of the Social Security Act is amended to read as follows:

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) in case such month occurs before such individual attains 31 years of age, he had, as of the first day of such month, not less quarters of coverage than whichever of the following is the greater: (i) six quarters of coverage, or (ii) a number of quarters equal to one-half of the number of calendar years elapsing after the year in which he attained 21 years of age and prior to the calendar year following the calendar year in which such month occurs; and

"(B) in case such month is the month in which such individual attains 31 years of age or thereafter, (i) he would have been a fully insured individual (as defined in section 214) had he attained age 62 (if a woman) or age 65 (if a man) and filed application for benefits under section 202(a) on the first day of such month, and (ii) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216(i)) unless such quarter was a quarter of coverage.

For purposes of clause (A) of the preceding sentence, an individual shall be deemed to be 31 years of age during the entire month in which he attains such age."

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to monthly disability insurance benefits under section 223 of the Social Security Act for months after the month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.

Mr. McCARTHY. Mr. President, I yield myself 3 minutes.

The report of the Advisory Council on Social Security, 1965, calls attention to a serious problem involving workers who have been disabled early in life. The report states:

Under present law, in order to be eligible for disability benefits, a worker must meet a requirement of 5 years of work in the 10-year period before he became totally disabled. This requirement assures that the benefits will be paid only to people who have both substantial and relatively recent employment. However, the effect of the 5-years-of-work requirement on a worker disabled while young is to make it difficult, or even impossible, for him to get disability benefits. For example, the worker who becomes totally disabled at age 25 and who started to work at age 21 has a total of only 4 years of covered work and therefore cannot meet the requirement.

The restriction of disability insurance protection to workers who have had substantial and recent employment can be achieved for younger workers by an alternative provision under which a worker disabled before age 31 would be eligible for benefits if he had been in covered work for at least one-half of the period between age 21 (the age which fully insured status is figured under present law) and the point in time at which he became disabled, or, in the case of those becoming disabled before age 24, for at least one-half of the 3 years preceding disablement.

This provision would be somewhat similar to a provision now in the law under which the survivors of a worker who died while young can qualify for benefits even though he had only a short period of covered work.

The amendment I am proposing carries out the recommendation of the Advisory Council. It would reduce the eligibility requirements for disability benefits for an individual disabled prior to age 31 to quarters of coverage equal to one-half the time between age 21 and the age he became disabled or six quarters, whichever is greater.

If a worker is disabled at age 25, for instance, the requirement would be 2 years in covered employment during his 4 work years, age 21 to 25. If disabled at age 30, the requirement would be 4½ years in covered employment. After age 31, of course, he would be eligible under existing law if he had been in covered employment 5 out of the 10 years before he became disabled.

The amendment was originally proposed by the Senator from Hawaii [Mr. FONG]. I ask unanimous consent that his name may be added as a cosponor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. I yield 5 minutes to the Senator from New Mexico.

Mr. ANDERSON. Mr. President, I hope the Senator from Minnesota does not trust his luck too far. We have accepted two of his amendments. This one is a bad amendment. We cannot accept it. Several years ago some of us met in the office of the Secretary of the Senate and tried to persuade the late Walter George to accept a disability amendment at age 50. Walter George was opposed very strongly. The late Senator Kerr from Oklahoma was very persuasive. After a while it was brought to the floor. The amendment added disability at age 50. It worked all right. There were practically no claims made under it. A reserve was built up.

Then someone said, "Let us take off the age limits." Most of the limits were taken off. That disability account is now in the red.

That is not the way to operate an insurance company. The amendment would change the disability provision completely, and drop it to age 31. It is not a good amendment. The Senator from Minnesota has been a fine supporter of the bill and a fine supporter of social security. I hope the amendment will be defeated.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield to the Senator from Kentucky.

Mr. MORTON. Mr. President, I wish to refresh my memory. Was this amendment discussed in some detail in the committee?

Mr. ANDERSON. Yes. We did not defeat it by as large a vote as I would have liked to see it defeated.

Mr. McCARTHY. I believe we discussed the point in the committee for about 2½ minutes. Perhaps the amendment to which the Senator has reference is the one regarding the larger question of allowing payment for disability after a person had been disabled for 6 months. This provision would involve some $250 million in cost, as I recall, and was included in the House bill. The Finance Committee took it out. I am not proposing to restore that provision. However, the Senator may recall that after that action was taken, I proposed that we adopt the pending amendment. This relates to disability benefits for individuals disabled prior to age 31, and reduces their eligibility requirements to quarters of coverage equal to one-half the time between age 21 and the age at disability or 6 quarters, whichever is greater. This provision would cost roughly $50 million, but it would replace an amendment adopted in our committee which reduces the cost of the disability program as provided in the House bill, by $250 million. We did not discuss the subject of the pending amendment at any great length, but we discussed the larger question. I believe that in the name of equity this question deserves the attention of the Senate, and perhaps there should be a yea-and-nay vote on it.

Mr. ANDERSON. Mr. President, will the Senator yield 2 minutes to me?

Mr. McCARTHY. I yield.

Mr. ANDERSON. I agree with the Senator that the whole question of disability under former section 303 should be studied. We shall be studying the question for some time to come. We should not take the proposed step at the present time until we have more information on it. I hope that the amendment will be rejected, and on the next round of the bill, if we find that the Senator from Minnesota is correct, we can take appropriate action. I hope that we shall not have a long debate on the amendment. I hope we can vote on the amendment by a voice vote, and that it will be defeated.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CARLSON. I rise in opposition to the amendment of the distinguished Senator from Minnesota; I agree fully with what the Senator from New Mexico has said. As the question affected section 303, we discussed it at some length in the committee. I voted to strike out the proposal. I think this is a poor time to put it back piecemeal. I hope that the question will be studied, and that in the near future we shall return to the Senator's amendment or something more practical and wider.

Mr. McCARTHY. Mr. President, I yield back the remainder of my time.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Minnesota.

The amendment was rejected.

AMENDMENT NO. 206

Mr. HARTKE. Mr. President, I call up my amendment No. 206.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment of Mr. HARTKE is as follows:

One page 266, between lines 22 and 23, insert the following:

"DISABILITY INSURANCE BENEFITS FOR THE BLIND; SPECIAL PROVISIONS

"SEC. 328. (a)(1) section 223(a)(1)(B) of the Social Security Act is amended to read as follows:

"'(B) in the case of any individual other than an individual whose disability is blindness (as defined in subsection (c)(2)), has not attained the age of 65,'.

"(2) That part paragraph (2) of section 223(a) of such Act which precedes subparagraph (A) thereof is amended by inserting immediately after '(if a man)' the following: ', and, in the case of any individual whose disability is blindness (as defined in subsection (c)(2)), as though he were a fully insured individual,'.

"(b)(1) Paragraph (1) of subsection (c) of section 223 of such Act is amended—

"(1) by inserting '(other than an individual whose disability is blindness, as defined in paragraph (2)' after 'An individual'; and

"(2) by adding at the end thereof (after and below subparagraph (B)) the following new sentence: 'An individual whose disability is blindness (as defined in paragraph (2)) shall be insured for disability insurance benefits in any month if he had not less than six quarters of coverage before the quarter in which such month occurs.'

"(2) Paragraph (2) of subsection (c) of section 223 of such Act (as amended by section 303(a)(2) of this Act) is further amended by striking out the first sentence and inserting in lieu thereof the following: 'The term "disability" means (A) inability to engage in any substantial grainful activity by reason of any medically determinable physical or mental impairment or (B) blindness. The term "blindness" means central visual acuity of 20/200 or less in the better eye with the use of correcting lenses, or visual acuity greater than 20/200 if accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than twenty degrees.'

"(c) Paragraph (1)(B) of subsection (d) of section 223 of such Act (added by section 303(c) of this Act) is amended by striking out 'the month in which he attains age 65' and inserting in lieu thereof 'in the case of any individual other than an individual whose disability is blindness (as defined in subsection (c)(2)), the month in which he attains age 65'.

"(d)(1) The first sentence of section 216(i)(1) of such Act (as amended by section 303(a)(1) of this Act) is further amended by striking out '(B)' and all that follows, and inserting in lieu thereof the following: '(B) blindness (as defined in section 223(c)(2)).'

"(2) The second sentence of such section 216(i)(1) is repealed.

"(e) The first sentence of section 222(b)(1) of such Act is amended by inserting '(other than such an individual whose disability is blindness, as defined in section 223(c)(2))' after 'an individual entitled to disability insurance benefits'.

"(f) The amendments made by this section shall apply only with respect to monthly benefits under title II of the Social Security Act for months after the second month following the month in which this Act is enacted, on the basis of applications for such benefits filed in or after such second month."

HOSPITALS AND REASONABLE COST

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. HARTKE. Mr. President, I ask unanimous consent that I may be permitted to yield to the Senator from California without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, I desire to make a little legislative history on one point which has to do with reimbursement procedures and formulas as respects the hospitals participating all across the country. I ask the Senator in charge of the bill, the Senator from Louisiana [Mr. LONG], whether it is true that it is intended that there shall be a regionalization of the formula and reimbursement as it is finally arrived at administratively?

Mr. LONG of Louisiana. It is.

Mr. KUCHEL. I thank my able friend. The counsel for the California Hospital Association, Mr. James E. Ludlam, raised some interesting questions with me regarding the phrase "the reasonable cost of such services as determined under section 1861(V) as used in title XVIII, section 1864." I asked Under Secretary Wilbur J. Cohen, of the Department of Health, Education, and Welfare, to comment on the questions which the California Hospital Association raised. I ask unanimous consent that this exchange of correspondence be printed in the RECORD at this point so that the legislative history on this question might be clear.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

MUSICK, PEELER & GARRETT,
ATTORNEYS AT LAW,
*Los Angeles, Calif., June 1, 1965.*

Hon. THOMAS H. KUCHEL,
*U.S. Senator, Old Senate Building, Washington, D.C.*

(Attention: Mr. Stephen Horn.)

DEAR SIR: This is to follow up a series of telephone conversations and correspondence that you have exchanged with the leadership of the California Hospital Association on the subject of hospital reimbursement under H.R. 6675.

The more we study the bill and the report of the Ways and Means Committee, coupled with the public statements of the executives of the Social Security Administration, we have become increasingly concerned with the long-range impact of the phrase "the reasonable cost of such services as determined under section 1861(V) as used in title XVIII, section 1864."

Hospitals in California, as well as many of the other rapidly growing areas of the country, have been largely deficit financed. Hill-Burton has barely furnished 10 percent of the necessary construction costs and unfortunately private philanthropy has been so thinly spread that it has not filled the gap or done much more than Hill-Burton. Hospital construction, out of absolute necessity, has been financed by patient charges, through an allowance for depreciation plus provision for debt retirement. This has put great pressure on operating funds necessary for an improving quality of service to patients.

Under H.R. 6675 a major segment of the hospital patient load (estimated to be about 20 percent) most of whom have been paying their full share of the hospital costs will now be placed under a limited reimbursement plan set by the Federal Government. To the extent that these patients do not carry their fair share, this additional cost must be passed on to the other private patients. We do not believe this to be a proper action by Government, and constitutes a seriously discriminatory action against those under 65 years of age.

H.R. 6675 fails to recognize that there are regional differences in hospital problems, and since it appears to be based upon east coast concepts the result of a nationwide formula, uniformly applied and administered, will be most tragic.

Fortunately California hospitals have realistically approached this problem and have inaugurated a statewide program of uniform accounting and cost determination. Under the leadership of Blue Cross a reimbursement formula has been adopted to meet the needs of California hospitals on a fair and equitable basis, but at the same time penalizing unreasonable costs.

Our Blue Cross formula recognizes that California hospitals are, and certainly for the foreseeable future will be, deficit financed. The same depreciation factor cannot cover both past indebtedness and fund new construction—particularly when new construction will be at a much greater cost. Also recognition is given to the fact that obsolescence is as important a factor in hospital facilities and equipment as is wear and tear due to age.

The key differences between our Blue Cross reimbursement formula and that being developed under H.R. 6675 and its companion report is that the California formula recognizes depreciation on a replacement cost basis and also provides for a cost factor for growth and development to meet new and expanded needs. We believe that these factors are in accordance with the "Principles of Payment for Hospital Care" as published by the American Hospital Association. We have every reason to believe that they will not be recognized by the Social Security Administration unless written into the bill or at least covered by the report. We also recognize that these factors are not necessary nationwide, although other factors may be equally important elsewhere. Therefore, unless regionalization is recognized a nationwide pattern will develop to the disadvantage of all, and ultimately to the patient.

We believe that payment for the above factors comes within a realistic definition of "reasonable cost" as related to the total cost of providing patient care. We also well recognize that from a strictly accounting sense that a different result may follow.

We would therefore propose that the language of H.R. 6675, page 19, lines 16 through 20, be amended to read:

"(b) The amount paid to any provider of services with respect to services for which payment may be made under this part shall be predicated on the basis of accepted principles of reimbursement for the cost of the services rendered, as determined under section 1861(V)."

Pages 84 and 85, for all of section (V)(1), we suggest the following:

"(V)(1) Payment for services to providers of services shall be predicated on the basis of accepted principles of reimbursement for the cost of the services rendered by providers of services, as determined in accordance with regulations establishing the methods to be used and the items to be included, in determining the payment formula for various types or classes of institutions, agencies, and services. In prescribing the regulations referred to in the preceding sentence, the Secretary shall consider, among other things, the principles generally applied by national, regional or State organizations, or established prepayment organizations (which have developed such principles) in computing the amount of payment, to be made by persons other than the recipients if services, to providers of services on account of services furnished to such recipients by such providers. Such regulations may provide for determination of the reimbursement basis on a per diem, per unit, per capita, or other basis, may provide for using different methods in different circumstances, may provide for the use of estimates of costs of particular items or services, and may provide for the use of charges or a percentage of charges where this method is reasonably consistent with the other methods. Such regulations shall (A) take into account, but not necessarily be limited to, both direct and indirect costs of providers of services in order that, under the methods of determining reimbursement, the costs with respect to individuals covered by the insurance programs established by this title will not be borne by the individuals not so covered, and the costs with respect to individuals not so covered will not be borne by such insurance programs, and (B) provide for the making of suitable retroactive corrective adjustments where, for a provider of services for any fiscal period, the aggregate reimbursement proves to be either inadequate or excessive."

If the changes cannot be made to the act then we would strongly urge that the Senate committee report emphasize the importance of the Secretary of Health, Education, and Welfare recognizing and authorizing regional variations in hospital reimbursement and in particular the problems of those areas that must of necessity engage in deficit financing of hospital construction and their corresponding problem in funding improvements and expansion in service.

Your interest in this difficult but serious problem is most appreciated. We have experts in this field, who are far more informed than I, who can be available to go to Washington or for consultation on specific language at your request.

Sincerely yours,

JAMES E. LUDLAM
(For Musick, Peeler & Garrett).

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JUNE 17, 1965.

Hon. WILBUR J. COHEN,
*Under Secretary, Department of Health, Education, and Welfare, Washington, D.C.*

DEAR WILBUR: I enclose a letter I have received from James E. Ludlam, counsel for the California Hospital Association, dealing with hospital reimbursement under H.R. 6675. As you will note, they are concerned with the phrase "the reasonable cost of such services as determined under section 1861(V) as used in title XVIII, section 1864." I think they have presented some interesting information as it pertains to the establishment of hospitals in our State, their financing, and the procedures they use in seeking reimbursement for services rendered.

I would like to have, within the next week if possible, a letter from you commenting on this matter so I will have the opportunity to discuss it with the appropriate members of the Senate Committee on Finance or to clarify the situation in the Senate should that prove necessary. If there are any questions regarding this, I do hope the responsible member of your staff will contact my legislative assistant, Stephen Horn, who is familiar with the problem.

With kindest regards,

Sincerely yours,

THOMAS H. KUCHEL,
*U.S. Senator.*

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THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
*Washington, July 2, 1965.*

Hon. THOMAS H. KUCHEL,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR KUCHEL: I am sorry that I could not reply sooner to your letter of June

17 requesting comments on some points raised by James E. Ludlam on reimbursement of hospitals in California and elsewhere under H.R. 6675.

In brief, we believe that many of the concerns Mr. Ludlam expressed about the provisions of the bill are due to the fact that it has not yet been possible to determine in every detail the contents of the regulations which the bill provides will be prescribed. The principal part of the bill on which Mr. Ludlam comments is, as he says, sections 1861(v). It may be well to start by quoting pertinent parts of that section:

"The reasonable cost of any services shall be determined in accordance with regulations establishing the method or methods to be used, and the items to be included, in determining such costs for various types or classes of institutions, agencies, and services; * * *. In prescribing the regulations referred to in the preceding sentence, the Secretary shall consider, among other things, the principles generally applied by national organizations or established prepayment organizations (which have developed such principles) in computing the amount of payment, to be made by persons other than the recipients of services, to providers of services on account of services furnished to such recipients by such providers. Such regulations may provide for determination of the costs of services on a per diem, per unit, per capita, or other basis, may provide for using different methods in different circumstances, may provide for the use of estimates of costs of particular items or services, and may provide for the use of charges or a percentage of charges where this method reasonably reflects the costs. Such regulations shall (A) take into account both direct and indirect costs of providers of services in order that, under the methods of determining costs, the costs with respect to individuals covered by the insurance programs established by this title will not be borne by individuals not so covered, and the costs with respect to individuals not so covered will not be borne by such insurance programs, and (B) provide for the making of suitable retroactive corrective adjustments where, for a provider of services for any fiscal period, the aggregate reimbursement produced by the methods of determining costs proves to be either inadequate or excessive."

One of the reasons that we cannot speak with any final authority on the nature of regulations under this provision is that section 1867 of the bill provides in part that "for the purpose of advising the Secretary on matters of general policy in the administration of this title and in the formulation of regulations under this title, there is hereby created a Health Insurance Benefits Advisory Council.* * *"

This council will have as its members experts in the health field. Furthermore the Committee on Ways and Means and the Finance Committee reports on H.R. 6675 state that "it is the intent of the bill that in framing regulations full advantage should be taken of the experience of private agencies in order that rates of payment to hospitals may be fair both to the institutions, to the contributors to the hospital insurance trust fund, and to other patients. In framing the regulations the Secretary and his staff will consult with the organizations that have developed these principles as well as with leading associations of providers of services."

While we have obtained a good deal of information on current reimbursement practices, the statute does not permit us to determine at this time exactly what reimbursement procedures will be used.

The methods which will be used will be determined only after the advisory council has had an opportunity to study the matter and other organizations have been consulted. The participation of the advisory council and the requirement of the bill that the Secretary consider the principles on reimbursement applied by national organizations (the most important ones are the "principles of payment for hospital care" of the American Hospital Association) and of established prepayment organizations give assurance that the opinion of private experts will be heard on the proper allowance for necessary replacement of facilities and for the protection of quality of service. It goes without saying that this Department wishes nothing more than that hospitals should be reimbursed in a manner which will encourage an adequate supply of high quality institutions and services.

Mr. Ludlam says that H.R. 6675 is based on "east coast concepts" and he seems to assume that a single nationwide reimbursement formula will be applied. Neither the bill nor the reports of the Committee on Ways and Means and the Committee on Finance require any such action. In fact, they specifically provide for various alternative methods to be used as appropriate.

Mr. Ludlam supports the reimbursement formulas used in California by saying that they are in accord with the American Hospital Association's "Principles of Payment for Hospital Care." We have long been on record that we intend to rely heavily on these same principles. Since we appear to agree on the premises on which reimbursement should be based, it would appear that the differences he anticipates will occur between the association he represents and the Department are not likely to be as great as his letter suggests. For example, he calls attention to the fact that the California formula recognizes the cost of obsolescence. To my knowledge no expert in the field, in the Department or elsewhere, differs with him on this point.

While we all seem to agree on the premises on which reimbursement should be based, we believe that Mr. Ludlam's proposed changes in the language of the bill would not be desirable and would not be entirely in accord with these premises. He proposes that reimbursement be based on cost "but not necessarily be limited to both direct and indirect costs." We believe that the proposed language would negate the provision of reimbursement on a cost basis which underlies the "Principles of Payment for Hospital Care." The result may not be the one Mr. Ludlam intends. In fact, it is not at all clear where this language is intended to lead or to end in terms of payment of amounts in excess of cost—including profits—to nonprofit hospitals. It is certainly clear that the proposed modification represents a major departure from the present bill and the intent of that bill as expressed in the committee reports.

In summary, we believe that H.R. 6675 was drafted and the committee reports on that bill were written with problems such as Mr. Ludlam discusses fully in mind and that there is ample room within the authority provided by the bill to provide equitable reimbursement to hospitals throughout the country.

Sincerely yours,

WILBUR J. COHEN,
*Under Secretary.*

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. HARTKE. I yield to the Senator from Louisiana.

Mr. LONG of Louisiana. I ask unanimous consent to correct two incorrect line references in two amendments adopted by the Senate day before yesterday. The first is in the amendment of the Senator from New York [Mr. JAVITS], section 1902(a)(2) of the new title XIX. The reference intended was line 15 rather than line 13, page 160.

Second, the amendment of the Senator from Texas [Mr. YARBOROUGH] moving the effective date of public assistance increases after December 31, 1965, up to and after June 30, 1965. The correct reference should be line 22, page 353, rather than line 17.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered. The corrections will be made.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, I yield myself 5 minutes.

The amendment is identical in all respects with an amendment which was offered by Vice President HUBERT HUMPHREY, who at that time was the senior Senator from Minnesota. It was adopted unanimously in the last session of the Congress. As we all know, last year the social security bill failed to pass both Houses of Congress. Therefore, the value of the amendment was lost.

There are 41 cosponsors of the bill, S. 1787, which is the same as this amendment. I ask unanimous consent to add to the list of cosponsors the name of the Senator from Oklahoma [Mr. HARRIS] and the name of the Senator from Iowa [Mr. MILLER].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. The amendment is, as I have said, the same as Senate bill 1787. The amendment principally makes changes in the disability insurance law.

This amendment would make several changes in the disability insurance law with particular reference to blind persons.

First, our amendment would incorporate in the definition of blindness which is generally recognized and used throughout the Nation.

This definition, already included in other Federal laws, would provide an ophthalmological standard for determining blindness; that is, blindness is central visual acuity of 20/200 or less in the better eye with correcting lenses, or visual acuity greater than 20/200 if accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20°. This is the same definition as used in the Internal Revenue Code for workmen compensation status.

It would permit a person whose visual impairment is such as to constitute blindness in accordance with the terms of this definition and has worked in social security-covered employment for six quarters to qualify for disability insurance cash benefits under the social security program, and to continue eligible for such payments so long as the disability of blindness lasts.

Mr. President, the objective of this amendment is to make of the disability insurance program a true insurance program for the blind—for those who are now blind, for those who become blind in the future.

This amendment would condition the right to receive disability payments, and the right to continue to receive them, upon the existence and the continuing existence of the loss of sight.

Our amendment recognizes that the severest of all the consequences resulting from the occurrence of blindness in the life of a working person is not the physical loss, the physical deprivation of sight. But rather the severest loss sustained is the economic disaster which befalls the newly blinded workman, the economic handicaps which are a consequence of blindness.

It is these consequences—the abrupt termination of weekly wages, the diminished earning power, the drastically curtailed employment opportunities open to the recently blinded person, or to the person who has lived a lifetime without sight—these, and not the physical absence of sight, convert the physical disability of blindness into the economic handicap of blindness.

This amendment would provide a partial solution to the financial catastrophe which results from blindness. It would provide a floor of minimum financial security for those who must learn to live again, to function without sight in a world of sight.

This amendment would reduce the competitive disadvantages of sightlessness; it would provide a continuing source of funds to meet the extra equalizing expenses of functioning, blind, in a sight-oriented society.

This amendment would be of immeasurable help to the worker suddenly confronted by the devastating effects of blindness—the discouragements of protracted unemployment, the despair of an expected lifetime of unemployment, the shocking loss of independence, the hurts and humiliations of dependency.

This amendment would also provide minimum income security to the employed blind person who has lived for years, or for a lifetime, without sight—for such a person must pay an extra price in dollars and cents when he works as a lawyer or piano tuner, as a teacher, salesman, or factory assembler.

Mr. President, the usual blind person—with average abilities, with no particular talents or training—such a person works when he can find work, but he frequently is the victim of the law of life for the disabled person—last hired and first fired; gainfully employed, when he is employed at all, on jobs with the poorest pay, the shortest in duration—jobs which are now being rapidly automated out of existence.

In Federal law, we have on other occasions made special efforts to help the blind to be self-supporting. I am happy that one of the active supporters of this amendment and a cosponsor of S. 1787, is the senior Senator from West Virginia [Mr. RANDOLPH]. He authored the Randolph-Sheppard Act when a Member of the House, which has helped thousands of the blind to be self-supporting.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. HARTKE. Mr. President, I yield myself an additional 2 minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 minutes.

Mr. HARTKE. For this person—the usual blind worker—the 20 quarters eligibility requirement in the disability insurance law makes the protection of disability insurance unavailable to him. Our proposed six quarters requirement would be much more reasonable under the circumstances—under the special circumstances which confronts such a person.

I believe that the social security programs which are intended to diminish the adverse economic and social consequences of advancing years or disabling impairments must never be considered fixed and inflexible in provision, for such rigidity may defeat the purpose to be served by such programs. Flexibility of approach and adjustment of provision to meet special circumstance may assure fulfillment of such purpose—the diminution of the hazards and heartaches of old age, the lessening of the discouragements and disadvantages of disability.

I ask the Congress, therefore, to change the disability insurance law for blind persons, for the benefit of persons who may become blind.

Under existing law, a person must work in social security covered employment for at least 20 quarters to establish eligibility for disability insurance cash payments.

This amendment reduces this requirement to six quarters, then the benefits under the disability insurance program may be more readily available to more persons when blindness occurs; in order that blind persons, unable to meet the present requirement of employment for 5 years in covered work may be able to qualify for benefits under the disability insurance program.

Under existing law and practice, persons who are disabled and earn anything but the meagerest income are denied disability insurance payments as they are considered no longer sufficiently disabled and therefore no longer qualified.

Under existing law and regulation, it is not enough that a person is severely disabled, that he is unable to get a job because he is disabled, to qualify for disability insurance cash payments—he must establish his physical inability to do a job to qualify for such payments.

This amendment would change this to allow persons who are disabled by blindness to qualify for disability benefits upon proof of blindness and to continue qualified so long as they remain blind; to continue qualified to receive benefits even though they are employed, even though they are earning, in order that disability insurance payments may be available to them to offset the extra "equalizing" expenses incurred in living and competing without sight in an environment geared to sight.

The amendment, by written endorsement, has the support of 43 Senators. I hope the Senator from Louisiana may see his way clear and not be too strong in his opposition. I know of his humanitarian heart and his love and affection for those who suffer from the disability of blindness.

Mr. LONG of Louisiana. Mr. President, a similar amendment was taken to conference by the Senate last year. The House strongly opposed it, and for good reasons. The House will not accept the amendment, no matter what the Senate does.

This is what is wrong with the amendment: It declares to be blind, persons who are not completely blind. It provides disability benefits for persons who are not disabled. It pays disability benefits to people who are working full time.

We can continue adding benefits to the bill and run up the cost. We have great sympathy for people whose vision is impaired, but the amendment would dispense with the test of whether a person is able to engage in substantial gainful activity as a requirement for drawing disability benefits. A law now exists which provides that, if one is disabled due to blindness and unable to work, disability benefits will be provided.

If he is not blind, and has no visual impairment, disability payments will not be made, unless he is unable to engage in substantial gainful activity. But if he is able to make a good living, there is no particular reason why he should receive disability benefits, because he is not disabled and is earning a good income.

We are talking about persons under the age of 65 who claim to be disabled, although they are not.

The amendment would cost a large amount of money—$287 million a year on the average over future years—to do something that we ought not to do. If we start by adopting a principle of providing disability benefits for people who are not disabled, treating people as blind and giving them benefits when they are not completely blind, the practice could extend to other areas and cost billions. In this instance, the cost would be only $280 million a year. But I know the House will not accept the amendment, and I frankly think the Senate ought not to take it.

Mr. HARTKE. Mr. President, I yield myself 2 minutes.

It is true that the amendment was taken to conference by the Senate last year. It was agreed to unanimously; not a Senator voted against it. What happened last year should happen again this year. Why should the Senate in one year say it will accept the amendment, and the next year refuse to accept it? The mere fact that the House of Representatives does not want the amendment is no reason for the Senate to refuse to accept it. The bill contains many provisions that I would take out if I had my way. The Senate should accept the amendment in the interest of obtaining a good bill for aged persons. I do not propose to surrender everything to the House. We have surrendered 90 percent now. Let us go all the way down the road.

It will cost money? I grant that it will cost money; but I do not believe it will cost as much as the Senator from Louisiana says it will.

Mr. LONG of Louisiana. It would cost more than $287 million.

Mr. HARTKE. It would cost a little less than that—about $250 million. We agree that it would cost money.

I would not trade $287 million for my eyes, let alone the eyes of the blind.

The Senator speaks about individuals who claim blindness. It will be neces-

sary to change every Federal statute, because the amendment conforms with the Federal law concerning blindness under the Internal Revenue Code.

What the Senator is saying is that those people are cheaters. I do not believe they are cheaters. I believe they are trying to make a decent living; that they want to go forward and make their way. But we are denying them the opportunity to do so by saying that they will not be able to come under social security for a long period of time. We are asking them to place themselves in the hands of charity. I do not want them to have to do that.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. GRUENING. Mr. President, no group of our citizens are more entitled to everything they can possibly get justly than the blind. It would be a tragedy if the Senate, the second time, failed to adopt the amendment. It was adopted the first time unanimously, as the Senator from Indiana said. We are told that the House does not want it. We are told that the House will not change its mind. But this is the Senate. I hope the Senate will go on record and accept the amendment.

Mr. HARTKE. To reject the amendment would be the sharpest rebuke we could deliver to the Vice President of the United States. He offered the amendment last year, and the Senate took it to conference. I do not believe this is a program that the administration wishes to rebuke.

Mr. ANDERSON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield 1 minute to the Senator from New Mexico.

Mr. ANDERSON. I hope no Senator will be fooled by the characterization of a rebuke to the Vice President. The Vice President, then a Senator from Minnesota, made certain representations on behalf of the amendment for the blind. We frankly did not know what the House would do. We said we would take the amendment to conference. We presented the facts to the conference committee. But the amendment was not kicked out by the House; it was kicked out on the basis of knowledge.

We would be paying $250 million for persons said to be blind, but who are not blind. Why go through the same motions?

Mr. HARTKE. Mr. President, I yield myself 2 minutes.

I want to go through the motions. I think the Vice President wants us to go through them. He told me so last night. He told me to make a battle for the amendment on the floor of the Senate. If he were in the Senate, he could say so now. He is not opposed to the amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD the statement I made in the Senate on April 13, 1965.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the CONGRESSIONAL RECORD, pp. 7555–7556, S. 1787, Apr. 13, 1965]

LIBERALIZING FEDERAL DISABILITY INSURANCE FOR THE BLIND

Mr. HARTKE. Mr. President, today I introduce a bill to liberalize the provisions of disability insurance under the Social Security Act for the benefit of the blind. This is the same bill which was introduced in the 88th Congress by our distinguished colleague, then the majority whip and now our Presiding Officer, Vice President HUBERT HUMPHREY. That bill, S. 1263, I was happy to offer in the Finance Committee as an amendment to the social security bill of last year, H.R. 11865. While it was not adopted by the Finance Committee, it was subsequently introduced by its author as a floor amendment and was adopted by the Senate on September 3. It was taken to conference by Senator LONG as floor manager of the bill, but, of course, it was lost when the Congress adjourned without reaching agreement on the bill last year.

Mr. President, it has been my privilege to introduce and work for many measures for the benefit of the blind during the years since I first came to this body in 1958. Such legislation has been one of my special interests, and I would be pleased in any case to offer this legislation today. But it is a special pleasure to do so at the express request of the Vice President, whose election removed from him the opportunity to present the bill again as he would otherwise have done. Indeed, he addressed me in a letter dated November 29, 1964, asking that I carry on the promotion of this legislation in the 89th Congress. I am glad to be able to do so not only on my own behalf and his, but also on behalf of the other Senators whose names appear as cosponsors of the bill.

At the time Senator HUMPHREY presented the amendment to the social securing bill, which the Senate adopted as I have said, he made a statement explaining its provisions and purposes. Rather than offer a paraphrase of that clear presentation, I request unanimous consent that the words of Senator HUMPHREY at that time may appear at this point in the RECORD as an explanation of this bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

"Mr. HUMPHREY. Mr. President, my amendment would liberalize the Federal disability insurance program for persons who are now blind—and, perhaps even to greater importance—it would make disability insurance payments more readily available to more persons who become blind at the time when blindness occurs.

"My amendment would do the following:

"First. It would incorporate the generally recognized and widely used definition of blindness into the provisions of the disability insurance law: that is, blindness is central visional acuity of 20/200 or less in the better eye with correcting lenses, or visual acuity greater than 20/200 is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

"Second. It would allow any person who meets this definition in visual loss, and who has worked in social security covered employment for a year and a half—six quarters—to qualify for disability cash benefits.

"Third. It would allow persons who meet the above requirements in measurable sightlessness and length of time in covered employment to draw disability benefits, and to continue to draw them, so long as they remain blind—and irrespective of their income or earnings, if they are fortunate enough to be employed.

"This amendment seeks to make the disability insurance program a true insurance program against the economic catastrophe of blindness, against the economic disadvantages which result when blindness occurs in the life of a workingman.

"Under present law, a person who is blind and unable to secure social security covered work for 5 years, cannot qualify for disability insurance payments. Reducing the present requirement from 20 to 6 quarters would be a much more reasonable and realistic requirement for people who, though oftentimes well qualified for gainful work, still encounter much difficulty in obtaining any work at all.

"Under existing law, a worker who becomes blind but has not worked for 5 years in covered employment is denied the sustaining support of disability insurance payments at a time when his whole world has collapsed, when disaster has terminated his earnings and diminished his earning power, and he is faced with surrendering dignity and self-pride and applying for public or private charity—hardly a sound basis upon which to rebuild a shattered life; hardly the basis for instilling self-confidence and reviving hope—so essential as the first step in rehabilitation and restoration to normal life and productive livelihood.

"Under existing law, a person who is blind and earns but the meagerest of income, is denied disability insurance payments on the ground that even the meagerest earnings indicate such person is not disabled—or sufficiently disabled, in the eyes of the law—to qualify for disability payments.

"As a matter of fact, Mr. President, the economic consequences of blindness exist, and they continue to exist, even though a blind person is employed and earning, and these economic consequences are expensive to the blind person who has the will and the courage to compete in a profession or a business with sighted people, who must live and work in a society structured for sighted people.

"Adoption of this amendment would provide a minimum floor of financial security to the person who must live and work without sight, who must pay a price in dollars and cents for wanting and daring to function in equality with sighted men."

Mr. HARTKE. Mr. President, I further request that the bill may lie on the table until the close of business Friday, April 23, in order that any additional Senators who wish to do so may add their names also as cosponsors.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the table, as requested by the Senator from Indiana, until the close of business on Friday April 23.

The bill (S. 1787) to amend title II of the Social Security Act to provide disability insurance benefits thereunder for any individual who is blind and has at least 6 quarters of coverage, and for other purposes, introduced by Mr. HARTKE (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

Mr. LONG of Louisiana. Mr. President, I yield back the remainder of my time.

Mr. SMATHERS. Mr. President, I move to lay on the table the amendment of the Senator from Indiana.

The PRESIDING OFFICER. The motion to table is not in order until the proponent of the amendment has used all of his time or yielded it back.

Mr. HARTKE. Mr. President, I yield back the balance of my time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida to table the amendment of the Senator from Indiana.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Indiana will state it.

Mr. HARTKE. Do I correctly understand that the motion to table, if agreed to, would kill the amendment, which is sponsored by 43 Senators?

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the motion to table. (Putting the question.) It appears to the Chair that the "ayes" have it and the motion to table is agreed to.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on the motion to table.

Mr. PASTORE. Mr. President, may we have order?

Mr. ALLOTT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Colorado will state it.

Mr. ALLOTT. Before the Chair announced his ruling upon the voice vote, two Senators, the senior Senator from Colorado and the junior Senator from Nebraska [Mr. CURTIS] had risen to ask, I presume, for a division. At least, that was the intention of the Senator from Colorado.

Strictly speaking, the Chair has now announced the decision. I therefore ask unanimous consent that the decision of the Chair be rescinded as a courtesy which is due to each individual Member of the Senate, so that there can be a division or a yea-and-nay vote.

Mr. LONG of Louisiana. Mr. President——

The PRESIDING OFFICER. The Chair did not see the Senator from Colorado rise. The Chair rescinds the action. A division is requested.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. What is the rollcall on?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida [Mr. SMATHERS] to lay on the table the amendment of the Senator from Indiana [Mr. HARTKE]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). On this vote, I have a pair with the senior Senator from Missouri [Mr. SYMINGTON]. If he were present, he would vote as I vote. I vote "yea," and let my vote stand.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. MCGEE], and the Senator from Georgia [Mr. RUSSELL], are absent on official business.

I further announce that the Senator from Missouri [Mr. SYMINGTON], the Senator from Virginia [Mr. BYRD], and the Senator from Arkansas [Mr. FULBRIGHT], are necessarily absent.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] and the Senator from Kansas [Mr. PEARSON] are absent on official business.

If present and voting, the Senator from Kansas [Mr. PEARSON] would vote "nay."

The result was announced—yeas 16, nays 76, as follows:

[No. 172 Leg.]

YEAS—16

| | | |
|---|---|---|
| Anderson | Holland | Montoya |
| Bennett | Jordan, N.C. | Robertson |
| Byrd, W. Va. | Lausche | Smathers |
| Douglas | Long, La. | Stennis |
| Ellender | Mansfield | |
| Ervin | McNamara | |

NAYS—76

| | | |
|---|---|---|
| Aiken | Hartke | Muskie |
| Allott | Hayden | Nelson |
| Bartlett | Hickenlooper | Neuberger |
| Bass | Hill | Pastore |
| Bayh | Inouye | Pell |
| Bible | Jackson | Prouty |
| Boggs | Javits | Proxmire |
| Brewster | Jordan, Idaho | Randolph |
| Burdick | Kennedy, Mass. | Ribicoff |
| Cannon | Kennedy, N.Y. | Russell, S.C. |
| Carlson | Kuchel | Saltonstall |
| Case | Long, Mo. | Scott |
| Church | Magnuson | Simpson |
| Clark | McCarthy | Smith |
| Cooper | McClellan | Sparkman |
| Cotton | McGovern | Talmadge |
| Curtis | McIntyre | Thurmond |
| Dodd | Metcalf | Tower |
| Dominick | Miller | Tydings |
| Eastland | Mondale | Williams, N.J. |
| Fannin | Monroney | Williams, Del. |
| Fong | Morse | Yarborough |
| Gore | Morton | Young, N. Dak. |
| Gruening | Moss | Young, Ohio |
| Harris | Mundt | |
| Hart | Murphy | |

NOT VOTING—8

| | | |
|---|---|---|
| Byrd, Va. | Hruska | Russell, Ga. |
| Dirksen | McGee | Symington |
| Fulbright | Pearson | |

So the motion to lay on the table was rejected.

Mr. LONG of Louisiana. Mr. President, I yield myself 30 seconds on the bill.

It is obvious that the Senate is in favor of the amendment. To expedite the proceedings, I ask unanimous consent that the Senate dispense with the yeas and nays and have a voice vote on the amendment.

Mr. ALLOTT. Mr. President, I object.

Mr. ROBERTSON. Mr. President, the Senator from Louisiana gave me a calculation that we had increased the cost of the bill by $1.2 billion. How much would this amendment increase the cost?

Mr. LONG of Louisiana. Two hundred and eighty-seven million dollars.

Mr. ROBERTSON. I thank the Senator very much.

The PRESIDING OFFICER. Is there objection to the request?

Mr. ALLOTT. I object.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the question now before the Senate?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana [Mr. HARTKE]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). On this vote I have a live pair with the Senator from Missouri [Mr. SYMINGTON]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. BENNETT (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Wyoming [Mr. MCGEE], and the Senator from Georgia [Mr. RUSSELL], are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. SYMINGTON], are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], would vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Wyoming [Mr. MCGEE].

If present and voting, the Senator from Virginia would vote "nay" and the Senator from Wyoming would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent, and his pair has been previously announced.

The Senator from Nebraska [Mr. HRUSKA] and the Senator from Kansas [Mr. PEARSON] are absent on official business.

If present and voting, the Senator from Kansas [Mr. PEARSON] would vote "yea."

The result was announced—yeas 78, nays 11, as follows:

[No. 173 Leg.]

YEAS—78

| | | |
|---|---|---|
| Aiken | Hickenlooper | Murphy |
| Allott | Hill | Muskie |
| Bass | Inouye | Nelson |
| Bayh | Jackson | Neuberger |
| Bible | Javits | Pastore |
| Boggs | Jordan, N.C. | Pell |
| Brewster | Jordan, Idaho | Prouty |
| Burdick | Kennedy, Mass. | Proxmire |
| Cannon | Kennedy, N.Y. | Randolph |
| Carlson | Kuchel | Ribicoff |
| Case | Long, Mo. | Russell, S.C. |
| Church | Magnuson | Saltonstall |
| Clark | Mansfield | Scott |
| Cooper | McCarthy | Simpson |
| Cotton | McClellan | Smith |
| Curtis | McGovern | Sparkman |
| Dodd | McIntyre | Stennis |
| Dominick | Metcalf | Talmadge |
| Eastland | Miller | Thurmond |
| Fannin | Mondale | Tower |
| Fong | Monroney | Tydings |
| Gruening | Montoya | Williams, N.J. |
| Harris | Morse | Williams, Del. |
| Hart | Morton | Yarborough |
| Hartke | Moss | Young, N. Dak. |
| Hayden | Mundt | Young, Ohio |

NAYS—11

| | | |
|---|---|---|
| Anderson | Gore | McNamara |
| Byrd, W. Va. | Holland | Robertson |
| Douglas | Lausche | Smathers |
| Ervin | Long, La. | |

NOT VOTING—11

| | | |
|---|---|---|
| Bartlett | Ellender | Pearson |
| Bennett | Fulbright | Russell, Ga. |
| Byrd, Va. | Hruska | Symington |
| Dirksen | McGee | |

So Mr. HARTKE's amendment was agreed to.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President——

Mr. HARTKE. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. CURTIS. Mr. President——

Mr. PASTORE. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. CURTIS. Mr. President, I have been recognized. I have an amendment at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislation clerk proceeded to state the amendment.

Mr. CURTIS. Mr. President, I ask that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I yield myself 5 minutes——

Mr. MCNAMARA. Mr. President, I object.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to read the amendment.

Mr. CURTIS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. METCALF. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. CURTIS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. METCALF. Mr. President, I object.

The PRESIDING OFFICER. Is there objection?

Mr. GORE. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Tennessee will state it.

Mr. GORE. Mr. President, Senators cannot hear, because once again the Chamber is filled with persons who are not entitled to the floor, and I ask that the Chair enforce the rules of the Senate and that proceedings go no further until the Chamber is in order.

Mr. MANSFIELD. Mr. President, will the Senator from Nebraska yield to me?

The PRESIDING OFFICER. All persons not entitled to the floor will please withdraw.

Mr. MANSFIELD. Mr. President, will the Senator from Nebraska yield to me?

Mr. CURTIS. I am glad to yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I should like to suggest to the Senate that we cooperate as much as possible, to the end that we can finish action on the pending bill at a reasonable hour, so that Senators can leave to fulfill engagements, some of which have been already delayed unduly.

Mr. President, I believe that the Senator from Nebraska was trying to expedite the business of the Senate so that we could consider his amendment with dispatch, and I would hope that in the interests of all concerned, the request I am about to make will be accepted.

Mr. President, I ask unanimous consent that the amendment be considered as read.

The PRESIDING OFFICER. Is there objection?

Mr. ANDERSON. What is the amendment about?

Mr. MANSFIELD. It will be explained. It is the same amendment that was considered yesterday.

Mr. ANDERSON. I thought we put a time limitation on it, that we were trying to get away from reconsidering amendments be acted upon the other day?

Mr. CURTIS. That is correct. I shall explain the amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. CURTIS is as follows:

On page 126, line 13, strike out "programs" and all that follows, and insert in lieu thereof "programs."

On page 126, between lines 13 and 14, insert the following:

"ALTERNATE VARIABLE DEDUCTIBLES UNDER PARTS A AND B RELATED TO INCOME TAX LIABILITY

"SEC. 1876. (a) Except as is provided in subsection (c)(1), the inpatient hospital deductible applicable to an individual under part A with respect to inpatient hospital services furnished to him during any spell of illness, beginning prior to 1971 shall, if his income tax liability exceeds the amount of such deductible as determined under section 1813, be, in lieu of such amount, an amount equal to his income tax liability, or the amount of the customary charges imposed for the inpatient hospital services furnished him, whichever is the lesser.

"(b) Except as is provided in subsection (c)(2), the deductible applicable to an individual under part B with respect to services provided him thereunder during any calendar year prior to 1971 shall, if his income tax liability exceeds $50, be, in lieu of $50, an amount equal to his income tax liability, or the amount of the customary charges imposed for such services, whichever is the lesser.

"(c)(1) The inpatient hospital deductible applicable to any individual—

"(A) who, during any calendar year, has received inpatient hospital services with respect to which the inpatient hospital deductible is subject to increase by reason of the provisions of subsection (a), and

"(B) who, during such calendar year, has received medical or other health care with respect to which the deductible applicable to him under part B has been increased by reason of the provisions of subsection (b),

shall, in lieu of the amount determined under subsection (a), be (i) the amount determined under subsection (a) minus the amount by which his deductible under part B was increased (by reason of the provisions of subsection (b)) over $50, or (ii) the amount determined under section 1813, whichever is the greater.

"(2) The part B deductible applicable to any individual—

"(A) who, during any calendar year, has received medical or other health care with respect to which the $50 applicable thereto is subject to increase by reason of the provisions of subsection (b), and

"(B) who, during such calendar year, has received inpatient hospital services with respect to which the inpatient hospital deductible has been increased by reason of subsection (a),

shall, in lieu of the amount determined under subsection (b), be (i) the amount determined under subsection (b) minus the amount by which his inpatient hospital deductible under part A was increased (by reason of the provisions of subsection (a)) over the amount determined under section 1813, or (ii) the amount determined under part B (without regard to this section), whichever is the greater.

"(d) For purposes of this section, the term 'income tax liability' means, when applied to any individual, the amount of the tax imposed on such individual for the taxable year under chapter 1 of the Internal Revenue Code of 1954, reduced by the sum of the credits allowable under part IV of subchapter A of such chapter (other than the credit allowable under section 31 of such Code).

"(e) For purposes of subsections (a) and (b), an individual's income tax liability shall be determined on the basis of his last taxable year which ends prior to the date he commenced to receive the services with respect to which the deductible under subsection (a), or (b), as the case may be, is being determined.

"(f) In the case of any individual who is married and files a joint income tax return with his spouse, the income tax liability of such individual shall be deemed to be one-half of the joint income tax liability of such individual and his spouse."

Mr. CURTIS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, I shall do my best to stay within that time.

Mr. President, yesterday I offered an amendment. It lost by a vote of 51 to 41. My amendment would have extended the time without limit. I have changed it now so that it would be law for the first 5 years of the operation of the program. This is what the amendment would do——

The PRESIDING OFFICER. The Senator will suspend. The Senate will please be in order.

The Senator may proceed.

Mr. CURTIS. Mr. President, the amendment would reduce the cost of the two medicare programs by somewhere between $420 million and $480 million annually. That is almost half a billion dollars. It would do it by requiring the well-to-do and the wealthy—those who are better off—to pay all or part of their own medical bills.

Information came to me today that two or three Senators said they did not fully understand my amendment yesterday and wished they had voted for it.

I have changed the amendment enough so that it can be voted upon again. At the end of 5 years, after the program is started, after we have gone through the trial and error period, and after we have had all the supergrade personnel learning how to operate the insurance program, if we wish to change it, we can do so.

This is how the saving would be brought about: First, let me say, with respect to the 80 percent of our older citizens, with little or no income, that it will not affect them at all. According to the Chief Actuary of the Social Security Administration, among 80 percent of the population over 65 years of age, neither husband nor wife pays any income tax. Therefore, we are talking about the 20 percent in the upper brackets. This is how the saving would be effected:

In the bill, there is a deductible of $40 for hospital expenses. It may change as hospital rates go up. There is a deductible of $50 for medical expenses. My amendment, briefly stated, would provide that the deductible for the hospital shall be $40, or the individual's last year's income tax, whichever is the higher. For the doctor's purpose, which is a $50 annual deductible, my amendment provides that it shall be $50, or last year's income tax, whichever is the higher. It is easy to administer. For an individual going into the hospital, either he or the person transporting him and looking after him, can answer the question, "Did you pay any income tax last year, and if so how much?"

It is so written that if they file a joint return, each is presumed to owe half of the tax. It is also written so that if one has both hospital and medical expenses, the added deductibility shall apply only once, not twice.

This is how it would work: In the first place, let me say that Social Security benefits are not taxable income. If a husband and wife showed $10,000 of income in a joint return, it would be presumed that each would have $5,000. The tax on $5,000 could not be, for an individual 65 years of age, more than $557. It might be less, because he might have capital gains, or he might have retirement income, or something else.

It would mean that an individual with a $5,000 income above and beyond his Social Security benefits would have to pay the first $550 of the cost of an illness in any year. If he were hit with a catastrophic illness and he had expenses of $20,000, he would pay the first $557.

If his medical expenses were only $400 he would pay the entire bill. I believe the amendment is accurately drawn. I know it is workable to use the income tax as a basis.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. I yield myself 1 additional minute.

This is the amendment upon which we voted yesterday. The distinguished and able junior Senator from Louisiana [Mr. LONG] and several other Senators supported it. I do not care to take any further time, except to remind Senators that in getting this program started—I am talking to Senators who expect to vote for it and who believe in it—and I respect their views—we should start it gradually. Let us start the program for those 4 out of 5 persons who have limited income. If it works well, we can apply it to the millionaires. We can apply it to Members of Congress. We can apply it to people who have $15,000 in income a year, or more.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. CURTIS. I yield myself 2 minutes, so that I may answer questions.

Mr. LAUSCHE. Is my understanding correct, that if I have a tax of $550, I would not be entitled to remuneration from the fund until my medical expenses exceeded $550?

Mr. CURTIS. The Senator is correct.

Mr. LAUSCHE. If my tax were $800, I would not be entitled to remuneration for medical expenses or hospital expenses until they reached above $800?

Mr. CURTIS. The Senator is correct. The Senator would not have an $800 tax bill until both the husband and wife had something like $12,000 and beyond in social security.

Mr. LAUSCHE. The modification that has been made in the Senator's amendment, as it is now pending, is that the Senator puts a limitation of 5 years on the program that he is suggesting, to see how it works.

Mr. CURTIS. The Senator is correct. Let us start where the need is the greatest.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CURTIS. I yield myself 2 additional minutes.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. McCLELLAN. One of the objections that I have to the proposed legislation, although I shall vote for it, is that I do not believe we ought to support people who are able to support themselves, or that we should pay their taxes. This program should be given a trial and an opportunity to get on a sound basis before we are asked to pay the doctors' bills of people who are able to support themselves and to pay their own bills.

Mr. CURTIS. I do not know of any logical opposition to the amendment. The amount of the income tax liability is easily ascertainable. There are no people who have all their property in tax exempt securities. It is only the well to do who are sophisticated in their investment program, and they have ample other taxes. This is a workable program. It would not violate any privacy. I hope it will be adopted.

Mr. RIBICOFF. Mr. President, I yield 5 minutes to the Senator from Tennessee.

Mr. GORE. Mr. President, I invite the attention of Senators to the fact that, since the Chair asked those who are not entitled to the floor to depart, for the past 10 minutes every Senator has been able to hear the debate. However, I believe that I have made the point of order for the last time. This year I moved from the rear row farther into the Chamber. I know with what difficulty Members who occupy the rear row can hear the debate. I have witnessed this afternoon as many as 75 people in the Chamber who are not Members of the Senate. I have seen as many as three people at one time occuping Senators' chairs, even though they are not Members of the Senate. It seems to me that our leadership on both sides of the aisle could contribute to the decorum and efficiency of the debate by helping us to maintain decorum in the Chamber.

It is not one man's undertaking. I believe I have made the point of order for the last time.

Mr. President, turning to the pending amendment, the distinguished senior Senator from Nebraska would apply a means test. The amendment now pending would destroy the contributory character of the medicare program. It would not be an insurance-type program under which contributions would be uniform and benefits would be uniform. A means or needs test would be applied.

This has been a crucial issue over a period of years. I believe that the American people have reached a consensus on this subject. Even though we should adopt the amendment, I suggest that it would create an administrative impossibility. How would the hospital know what charges to make? If we look at the second page of the Senator's statement, which he distributed, we see that it would refer to the income tax return of the millions of people going to the hospital. How would a hospital know what deductions to make? How would the administration in Washington know to what benefits a recipient would be entitled?

This is an impossible project to administer. It would destroy the very character of the bill and the program now under way.

I shall not take further time. The amendment was voted down yesterday. In the interest of time I yield back the remainder of time that has been allotted to me.

Mr. RIBICOFF. Mr. President, I yield myself 3 minutes.

We voted on this issue yesterday. The Senator from Nebraska introduces a proposal which is completely foreign to the social security system and completely foreign also to the theory of private insurance. For in the final anaysis, today an individual who receives retirement benefits under the social security system is not asked what his income is or what he has in the bank. He is paid on a uniform standard. This is the principle of social insurance which is basic to the entire social security system.

Furthermore, the proposal of the Senator from Nebraska is completely unworkable. As the Senator from Tennessee has pointed out, the income tax return is filed on April 15. It indicates how much a person owes. Suppose a man owes $5,000 and has a $557 liability in 1965. The income tax return is filed on April 15, 1966. Suppose he goes to the hospital on January 1, 1966, and stays 30 days. How is the hospital to know, how is the doctor to know, how is

the insurance carrier to know, how is the administrator to know what the tax liability would be?

Under those circumstances we would be faced with an unworkable situation.

A person who had an income of $3,000 would be required to pay $213 of his own money before he would receive any benefits under the plan.

A person who earns $2,500 would pay $132. It is true that people who earn $3,000 would consider that they were fairly treated on the basis of equity if they were paid the sum of $213.

In this instance, I think we are departing from basic insurance principles. When any of us takes out a private insurance policy of any kind, he receives benefits in accordance with the premiums that he pays. The insurance company does not reimburse the policyholder depending upon what his income might be. That point is basic to all private insurance and to the social security system. Adoption of the amendment offered by the Senator from Nebraska would be going completely contrary to all insurance principles.

As the Senator from Tennessee has said, we would introduce a means test. The benefits that people receive, they receive as a matter of right because they have paid their premiums, and we should not discriminate against a person based upon his income, be he poor or rich, if he has made his payments during his working years.

I am willing to yield back the remainder of my time.

Mr. CURTIS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 2 minutes.

Mr. CURTIS. First, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, it is no more difficult to apply a $40 deductible or a $150 deductible, if that was the tax of a person. I do not know about the people from Tennessee or Connecticut. The people of Nebraska can answer the question, "Did you pay an income tax last year; and if so, how much?" They can figure it out early in January. There is nothing difficult about that. It is always argued that this violates the contributory principle.

How ridiculous can we be? There are more than 19 million people over 65 who will start drawing benefits immediately. None of them has contributed a nickel. Even the retirement program lasted 30 years. It is 10 percent contributory if we count the employers. Of all the tommyrot that can be thrown into a debate, it is here. The social security program has no resemblance to prepaid insurance in any part of it, but most assuredly, in the medicare proposal we would be taxing the young and the low-paid, the criminal, the blind, and everyone who works, to pay the medical bills of everyone over 65.

I say let us start by eliminating the top 25 who can carry part of it or all of it.

Mr. RIBICOFF. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. Does the Senator from Nebraska yield time to the Senator from Ohio?

Mr. CURTIS. Mr. President, I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, yesterday I spoke on the question. I tried to point out that the argument that the social security fund is predicated on sound insurance principles cannot be sustained. A half hour ago we approved an amendment which would cost $287 million. Who raised the argument at that time about sound insurance policies? The $287 million will have to be borne by the social security fund. We voted to spend $287 million, but no one gave a thought to the imposition of a tax which would constitute the premium to be paid into the fund to meet the obligation. The argument that we are proceeding on the basis of sound insurance principles cannot be maintained.

Earlier today it was revealed that when this program came from the President, it envisioned an expenditure of $2.8 billion. Those are the words of the Senator from Louisiana. I have checked the program as presented by the President.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. Mr. President, may I have 3 more minutes?

Mr. CURTIS. I yield 3 minutes to the Senator from Ohio.

Mr. LAUSCHE. The President's program envisions an expenditure of $4,733,-million. That was pumped up to $7.2 billion until 45 minutes ago. It is now up to $7.480 million and we are still not through with the bill.

The Senator from Louisiana made an excellent proposal. We ought to have a bell in the Senate Chamber. Every time we raise the expenditure by a billion dollars, we ought to ring the bell, set the fireworks in motion, and send the skyrockets flying. It is like knocking a home run in Cleveland while we had as the manager the great financier Bill Veeck.

We cannot argue sound insurance principles in what has been done in the Senate.

I should like to put the following question to all Senators: "The program has been pumped up from $4,700 million to $7,500 million. What have you done to finance it? How have you increased the taxes? Where has it been done since these accelerations or escalations have taken place?"

Nothing has been done in that direction. The principle is sound. Why should I receive hospitalization and medical care with an income of $30,000 a year? There is no justification for it. I yield the floor.

Mr. RIBICOFF. Mr. President, in reply, I should like to state that never in the history of the social security system has Congress failed to provide the necessary financing for the benefits which are voted. The other body, under the leadership of one of the greatest Representatives who has ever been in the House of Representatives, Chairman WILBUR MILLS, has been most careful in always making sure that the proper financing and taxes were provided to keep the social security fund sound.

The Senate Finance Committee added some $700 million to $800 million more than is contained in the House bill, and the committee has made provision in the financing to make sure that money would be made available to pay for the benefit voted.

It is true that this body has added a significant number of increases. But is there anyone who questions that when the conferees on the part of the Senate—the distinguished Senator from Virginia [Mr. BYRD], the chairman, the distinguished Senator from New Mexico [Mr. ANDERSON], the distinguished Senator from Louisiana [Mr. LONG], the distinguished Senator from Delaware [Mr. WILLIAMS], and the distinguished Senator from Kansas [Mr. CARLSON]—sit down in conference, they will allow these large sums to stand if no provision is made to finance and keep the social security fund sound? That is the answer to irresponsibility.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. MANSFIELD. I am delighted that the distinguished Senator has brought out that point, because all too often the question of fiscal irresponsibility is raised on the floor of the Senate. We ought to have enough confidence in the Finance Committee to understand that any additional expenditures will be based upon an appropriate increase to take care of those expenditures.

I urge Senators to keep in mind the argument made by the Senator from Tennessee and the Senator from Kentucky as to how difficult it would be to apply this particular amendment if it is adopted, which I hope it is not.

The Senate expressed itself yesterday. In effect, the pending proposal is the same thing. I hope that the Senate will uphold the action of its committee again today.

Mr. RIBICOFF. Mr. President, I yield myself 2 additional minutes.

The question of irresponsibility in how we finance a social security program is surrounded with so much loose talk and so much rhetoric that we ought to understand how these things are arrived at. The social security system has some of the ablest actuaries in the United States. Those actuaries have the complete confidence of both the majority and minority members of the House Ways and Means Committee and the majority and minority members of the Senate Finance Committee.

There is not an insurance actuary of any private insurance company in the United States who will not tell us that one of the most respected actuaries in this entire Nation is Mr. Robert Myers, the Chief Actuary of the social security system. Never have the minority members of either party questioned Mr. Myers' figures. As a former Secretary of the Department of Health, Education, and Welfare, I should like to say that every time an amendment to a proposal has been made in the social security system, we have leaned over backward in

the conservative point of view to be sure that there was always a little bit extra in the tax take over the benefits that we give under the social security system.

I know that in formulating the House proposal, WILBUR MILLS has leaned backward on the conservative side to make certain that the financing would be taken care of. I know also that in the Committee on Finance, no final provision was made for the taxing proposals and tax rates until all the amendments had been submitted. When all the amendments were in and the expenditures were totaled, the staff of the Committee on Finance, sitting with the experts of the Department of Health, Education, and Welfare, totaled what we proposed to spend and then wrote the tax provision into the bill before us to make certain that enough money would be provided to pay for the expenditures.

I am confident, and the Senate must be confident, that the conferees we send to conference will, in harmony and in conjunction with the conferees of the House, make certain that this is sound.

One more and final answer to the distinguished Senator from Nebraska. Let us consider the big figure, the $50,000 man on the list he has given the Senate. John Jones in 1965 earns an income of $50,000. He has a tax liability of $21,270, on which he has made quarterly payments, with the balance to fall due April 15. John Jones becomes sick on January 1, and his income stops. All he has is what he earns. He goes to the hospital for a long stay. He no longer has earnings. He is now in a position of having to pay the final quarter of his income tax liability, $5,500. Now he is faced with the situation that before he can receive benefits under the medicare bill, the first $21,270 must be deducted. That man will go to the poorhouse. He will never be able to pay $21,720. To add insult to injury, he has paid into the social security system during his entire lifetime since he began working. Week in and week out, he has made payments matched by his employer. So he has a funded interest and a funded investment in the social security fund.

To say now, since he has become disabled and no longer has an income, although he was a hard working wage earner in 1965, but became sick in 1966 and no longer has income, that he will have to pay $22,500 before he can be reimbursed—how unfair can we be?

The proposal of the Senator from Nebraska is discriminatory against earners of large incomes, the wealthy, and the middle class. So far as I am concerned, when we deal with social security we should not discriminate against the rich, the middle class, or the poor. We should try to provide benefits on the basis of equality. That is the great principle of the social security system. We would be breaking down the basic principles of social security if we adopted this amendment.

Mr. President, I yield 2 minutes to the Senator from Massachusetts.

Mr. KENNEDY of Massachusetts. Mr. President when this amendment was before the Senate yesterday I voted in favor of the proposal. I voted for the amendment because of my concern for the needy elderly who have long been deprived of medical care; and my continuing concern that even the bill before us does not yet meet their full needs. We have not met the problem of catastrophic illness, nor have we fully faced up to the problems of long term out-of-hospital care. These challenges will have to be met in the future—but no matter when they are considered, we will be working with a trust fund containing financial limitations.

I am not concerned with the ability of the wealthy to meet their health needs, nor those in a situation that enables them to rely on private insurance. It is the presence of the poor that has brought this bill to the Congress. If it is possible to allocate the revenues from social security contributions in such a way that the benefits to the poor can someday be improved then I am ready to do that. If we know that under the Internal Revenue Code those over 65 with sufficient income to be taxed can claim a full deduction for medical expenses, and that these citizens have the ability to provide for themselves, then I am not too anxious to see expenditures from the trust fund for their illnesses.

I am aware of the traditional arguments surrounding the means test, but traditional arguments can wear thin in the face of new evaluations of Federal responsibility to the poor.

A poor person over 65 in need of health care receives little comfort in knowing that he is on the same plane as the wealthy, as regards his medical benefits. It would do him more good to realize greater health care for longer periods as a result of our ability to reallocate existing funds.

However, Mr. President, I have been persuaded that the amendment now pending would create real difficulties in the administration of the medicare program. As a result, I would rather wait for the program to be in operation before giving any further consideration to the many issues raised by this amendment.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

Mr. CURTIS. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The question is on agreeing to the amendment of the Senator from Nebraska. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). I have a live pair with the senior Senator from Missouri [Mr. SYMINGTON]. If present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. MCGEE] and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from Nebraska [Mr. HRUSKA].

If present and voting the Senator from Wyoming would vote "nay" and the Senator from Nebraska would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] and the Senator from Kansas [Mr. PEARSON] are absent on official business.

If present and voting, the Senator from Kansas [Mr. PEARSON] would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Wyoming would vote "nay."

The result was announced—yeas 40, nays 52, as follows:

[No. 174 Leg.]

YEAS—40

| | | |
|---|---|---|
| Aiken | Harris | Robertson |
| Allott | Hickenlooper | Russell, S.C. |
| Bennett | Hill | Saltonstall |
| Boggs | Holland | Scott |
| Byrd, Va. | Jordan, N.C. | Simpson |
| Carlson | Jordan, Idaho | Sparkman |
| Cooper | Lausche | Stennis |
| Cotton | Long, La. | Talmadge |
| Curtis | McClellan | Thurmond |
| Dominick | Miller | Tower |
| Eastland | Morton | Williams, Del. |
| Ervin | Mundt | Young, N. Dak. |
| Fannin | Murphy | |
| Fong | Prouty | |

NAYS—52

| | | |
|---|---|---|
| Anderson | Hayden | Morse |
| Bartlett | Inouye | Moss |
| Bass | Jackson | Muskie |
| Bayh | Javits | Nelson |
| Bible | Kennedy, Mass. | Neuberger |
| Brewster | Kennedy, N.Y. | Pastore |
| Burdick | Kuchel | Pell |
| Byrd, W. Va. | Long, Mo. | Proxmire |
| Cannon | Magnuson | Randolph |
| Case | Mansfield | Ribicoff |
| Church | McCarthy | Smathers |
| Clark | McGovern | Smith |
| Dodd | McIntyre | Tydings |
| Douglas | McNamara | Williams, N.J. |
| Gore | Metcalf | Yarborough |
| Gruening | Mondale | Young, Ohio |
| Hart | Monroney | |
| Hartke | Montoya | |

NOT VOTING—8

| | | |
|---|---|---|
| Dirksen | Hruska | Russell, Ga. |
| Ellender | McGee | Symington |
| Fulbright | Pearson | |

So the amendment offered by Mr. CURTIS was rejected.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. MANSFIELD. Mr. President, for the benefit of the Senate, I wonder if the leadership could gain some idea as to how many amendments will be offered. To the best of my knowledge, there will be an amendment offered by the distin-

guished Senator from Indiana [Mr. HARTKE]. There will be a motion to recommit by the Senator from Nebraska [Mr. CURTIS].

Mr. PROUTY. Mr. President, I have an amendment to offer which would take very little time.

Mr. MANSFIELD. Mr. President, it appears that we are close to completion.

Mr. SMATHERS. Mr. President, I ask unanimous consent to allow any Senator, during the session of the Senate today, if he has a speech with relation to the bill, to have his speech printed prior to the vote, even though the speech might be made after the vote.

The PRESIDING OFFICER. That request has already been made and granted.

Mr. LONG of Louisiana. Mr. President, I yield myself 30 seconds. I have a speech that I think will persuade any Senator to vote for the bill. However, I shall make it after passage.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, I ask to amend my motion to recommit by striking out on page 2, "March 1, 1966," and inserting in lieu thereof "September 7, 1965."

The PRESIDING OFFICER. The Senator has that right. The motion is modified accordingly.

Mr. CURTIS. Mr. President, there is being placed on the desk of every Senator an explanation of this motion. I hope to take as little time as possible. I shall go through it rapidly.

The intent of the motion is twofold:

First. To recommit the bill and strike out medicare, including the hospital insurance program known as King-Anderson, or part A, and also strike out the supplemental medical benefits program known as part B, and direct the Committee on Finance to bring in another plan on or before September 7, 1965, and

Second. The motion requires that all the remainder of H.R. 6675, which includes the social security benefits increases and all other matters except medicare be reported back forthwith by the Committee on Finance so that the same can be immediately passed by the Senate.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. MANSFIELD. Mr. President, will the Chair clear the Chamber and keep it clear, and, if necessary, order the Sergeant at Arms to carry out the directive.

The PRESIDING OFFICER. The Sergeant at Arms is directed to see that all persons not entitled to the privilege of the floor withdraw or maintain order.

Mr. CURTIS. Mr. President, when I say that the measure can be immediately passed by the Senate, I mean tonight.

The PRESIDING OFFICER. The Senator has not yet had his motion sent to the desk. In order to yield time, it will be necessary that that be done.

Mr. CURTIS. Mr. President, I ask that my motion to recommit be called up and that the motion be not read, but printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The motion to recommit, ordered to be printed in the RECORD, is as follows:

I move that the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes, be recommitted to the Committee on Finance with instructions (1) that such committee forthwith report back such bill to the Senate with such changes therein as may be necessary to eliminate from the bill all matter relating to the establishment of a program of health insurance benefits for the aged and a supplementary medical insurance benefits for the aged under a new title XVIII to be added to the Social Security Act, and (2) that such committee, on or before March 1, 1966, report to the Senate a legislative proposal which would provide a plan of hospital and medical insurance for the aged which is patterned after the health insurance program presently in effect with respect to retired Federal civil service employees under the Federal Employees Health Benefits Act of 1959, but under which the individuals covered by such a program would pay the entire premium charged for participation, except that, with respect to aged individuals who are financially unable to pay such premium, Federal assistance toward meeting the payment of such premium would be provided from general revenues to the extent necessary to enable them to participate in such program.

Mr. ANDERSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ANDERSON. Did not the Senator modify his motion?

Mr. CURTIS. I changed the date from March 1, 1966, to September 7, 1965.

THE ALTERNATIVE PROPOSAL FOR MEDICARE

The motion directs the Committee on Finance to bring to the Senate floor on or before September 7, 1965, a plan patterned after the health insurance program presently in effect with respect to retired Federal civil service employees under the act of 1959. It further provides that under such a plan individuals covered pay the entire premium for participation, except that with respect to aged individuals who are financially unable to pay the premiums, Federal assistance toward meeting the payments of such premiums may be provided from general revenues to the extent necessary.

It does not invade the payroll tax, which is so much needed for ordinary social security.

This will provide better benefits at lower costs under our private enterprise system. It is pointed out that if the Federal Government undertakes the two insurance programs provided for in H.R. 6675 that they are going to turn to the insurance industry and the medical profession to make them work.

The individual over 65 who has a difficult time purchasing private hospital and medical insurance at a cost within his reach is the individual who is not a part of a large group which will continue as a large group. If we permit all individuals in the country over 65 to enroll in a plan similar to the plan for Federal retired civil service employees, the enrollee will have the advantage of a broad group plan which can operate on the most economical basis.

I will not discuss all of the details concerning the benefits for our own Federal retired employees. I will discuss briefly the benefits and the costs of the most comprehensive protection offered retired Federal civil servants, which is referred to as the high option.

A retired Federal civil servant can get protection under Blue Cross and Blue Shield for both husband and wife and the total cost is $23.83 per month. That includes the Government's share and the employee's share. For a retired civil servant not having a husband or wife, the total cost is $8.97 a month. This gives the husband and wife lifetime protection up to $30,000, with $1,000 annual protection thereafter if the $30,000 is exhausted. If the enrollee fully recovers before the $30,000 is exhausted he can be reinstated for the remaining balance of the $30,000. Under Blue Cross and Blue Shield, provision is made for benefits of needed hospital costs and surgery and also non-surgical-medical costs in the hospital from the first dollar of expense, for better than under the bill. In addition, the enrollee is provided with protection when he is not hospitalized. This protection has a $100 deductible, plus Blue Cross and Blue Shield pays 80 percent of all medical costs and drugs and many other items.

Many retired civil servants elect to take the high option which is provided by the insurance industry. This has a total cost of $23.51 a month for a husband and wife. For a retired person without a spouse, the cost is only $9.14 a month.

This high option under the insurance industry is a plan wherein many insurance companies participate but their spokesman or agent is the Aetna Co. This high option under the insurance industry pays benefits up to $40,000 once in a lifetime, plus a benefit of $1,000 per year after the payment of the $40,000 is exhausted. If the enrollee fully recovers from his illness before the $40,000 is used up he is reinstated for the remaining balance of his $40,000 of protection.

The insurance industry gives to these high-option enrollees room and board in the hospital from the first day up to $1,000 with no deductible and no waiting period. After the above thousand-dollar expenditure, there is a $50 deductible and the insurance industry pays 80 percent until they have exhausted their $40,000 total protection.

Under the insurance industry, high-option benefits are paid to the ill enrollee when he is not a patient in the hospital. These are subject to a $50 annual deductible and 80 percent of the expense is paid after the deductible. These benefits include the fees of doctors and surgeons, for home calls, or office calls as well as registered nurses, ambulance services, diagnostic services, X-ray, laboratory tests, braces, oxygen, blood and all drugs as prescribed by a doctor.

It should be understood that the motion to recommit directs the Finance Committee to prepare a proposal pat-

terned after the above-mentioned plans for retired Federal civil servants. The plan ultimately worked out might vary in detail to meet the particular needs of a larger group. These details should not be worked out on the floor of the Senate and no attempt is made to discuss them here, nor are they set forth in the motion to recommit.

ADVANTAGES

There are many advantages to the approach which are set forth in the motion to recommit. Among these are:

First. Better protection.

Second. A program handled by the most competent concerns and individuals who have had years and years of experience.

Third. It is the private enterprise way.

Fourth. The benefits offered are superior to the benefits provided for in the present bill.

Fifth. It will save a tremendous amount of money.

SAVINGS

We soon will have 20 million individuals in the United States over 65. According to the table prepared by the chief actuary of the Social Security Administration, and found on page 15300, column 1, of the CONGRESSIONAL RECORD for July 8, 1965, we will, when H.R. 6675 is in full operation by 1972, be paying more than $5 billion for medicare. In all probability that figure will be higher.

In the above discussed private enterprise alternative it will be noted that the total cost, to the Government and the individual, for a single individual is about $9 a month or a little more, and for an individual plus his spouse something over $23 a month.

I have made inquiry concerning an estimate of what it might cost through private enterprise to provide protection for all citizens over 65 comparable to the protection given to retired civil servants, and I have come up with a figure of $250 a year. I believe that figure is far, far too high, but I wish to be on the safe and conservative side.

The motion to recommit provides that the individual shall pay his own premium but that the Government, from general revenues, will help those who need help. Let us assume that those of our aged in the upper one-third income bracket can pay for their premiums themselves. Let us assume that those in the lower one-third income bracket cannot pay anything and the Government will have to pay the entire amount of their premium. Let us further assume that those in the middle income bracket will have to have help in varying degrees, but that the help required will average one-half of the cost of the premiums. This would result in the Government, from general funds, paying on the average one-half of the cost for all enrollees.

One-half of the cost of a $250 annual premium for 20 million persons would be $2.5 billion. This is one-half of what it is admitted medicare will cost under H.R. 6675 by 1972.

It is possible, by adopting this motion to recommit, to assist all of our citizens over 65 by making a large group plan available to them which has many advantages. It is possible to help all those who need help in paying the cost. It is possible to give them better protection, handled by more competent hands than Government bureaucracy, and at the same time save the taxpayers $2.5 billion each and every year.

Today, I received a communication from the chairman of the Aetna Co., authorizing me to say that the Aetna Co. is willing to sit down with the Senate Finance Committee, in conjunction with any like-minded companies, in an effort to work out a plan to provide broad medical care programs for the aged which would be both insured and administered by the private sector.

The choice on the motion to recommit is clear—a vote for recommittal is to give better protection, at one-half the cost, under private enterprise.

Mr. President, I submit the motion to recommit to the conscience of the Senate.

Mr. LONG of Louisiana. Mr. President——

Mr. MUNDT. Mr. President——

Mr. CURTIS. Mr. President, how much time have I consumed?

The PRESIDING OFFICER. The Senator has used 14 minutes.

Mr. MANSFIELD. Mr. President, will the Senator from Nebraska yield 2 minutes first on this side, so that we may reply?

Mr. CURTIS. I am glad to do so.

Mr. LONG of Louisiana. Mr. President, I yield 2 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 2 minutes.

Mr. MANSFIELD. Mr. President, it appears to me that what the distinguished Senator from Nebraska is advocating is nothing but a delaying action. We have in the Chamber at this very moment the distinguished chairman of the Committee on Finance, who is not in favor of the bill, but who has not opposed hearings on it, or consideration of the measure, and who has offered no delay but who, in spite of his own personal feelings, has allowed this matter, after long, careful, and deliberate consideration by the full committee, to come to the floor of the Senate for debate and disposal.

The Senator from Nebraska talks about the Committee on Finance taking this back again unto its bosom and reporting on September 7.

Frankly, I wish to be out of here by September 7. I believe that this matter has had enough in the way of deliberation. I am not in favor, at this late date, of any private insurance company coming in and offering to sit down with the Finance Committee to work out the details of a bill which is our responsibility and ours alone.

I hope that this delaying motion to recommit is recognized for what it is, and I hope that the motion will be defeated decisively.

Mr. MUNDT. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. Mr. President, I yield 5 minutes to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes.

Mr. MUNDT. Mr. President, let me, first of all, congratulate the Senator from Nebraska on the effort he is making, which I believe to be highly worth while. I do not consider the motion to recommit to be at all a delaying tactic, other than the fact that in legislation as comprehensive and far-reaching as the pending bill, we should take whatever time is required in order to find the best and optimum answer.

Mr. CURTIS. Will the Senator yield me 20 seconds for an observation at that point?

Mr. MUNDT. Certainly.

Mr. CURTIS. It is a delaying action, in that it will delay the ultimate socialization of America.

Mr. MUNDT. Of course it will delay final decision, but I invite the attention of the Senate to the fact that more important than a target date for adjournment of the Senate on September 7, or October 1, or any other date—we are all eager to get out of here—is to find the answer to this complicated problem which will be a satisfactory answer and will prove to be economically sound.

Even though we did not do this until the next session of the Congress in January, no great harm would be done.

This has been a matter of public discussion and congressional consideration for a great many years. I believe that every Member of the Senate is trying to find the optimum way in which to meet the basic problems which are involved.

Let me point out that we should delay a little on a measure of this kind, because if we button it into social security we will write it into perpetuity and will never have another opportunity to consider another plan voluntary in nature involving the private enterprise concept, once the proposed legislation is enacted. Once we start the procedures of taxation and withholding on the basis of a social security withholding tax, it then becomes too late to unscramble the omelet.

The decision we make today—if we make it—is a decision we make at a time we act on procedures recommended by the motion to recommit which will be a decision which will be permanent in nature.

I shall support the motion to recommit and, if it fails, sadly but firmly I shall vote against the bill.

I shall vote against it sadly, because a vote against the bill will be a vote against an objective in which I believe; namely, giving Government assistance to those of our aged citizens who need help to meet the costs of adequate medical care.

There are many ways in which this can be done. We have before us the so-called compulsory social security approach. The provision of the Senator from Nebraska [Mr. CURTIS] is an opportunity to again look at the various possibilities, and to separate this consideration from desirable and needy reforms and liberalizations of the social security program, per se, which I suspect, probably, if they were put out for themselves

would pass the Senate virtually unanimously.

In good conscience I cannot support legislation, for example, which would force the poor to pay the hospital bills and other medical bills of the wealthy. This type of a result, which could be referred to as Robin Hood in reverse, flows from legislation which would derive its financing from a compulsory tax on first dollars of wages earned by the Nation's working men and women with no exemptions allowable. Surely, the pretense that this is a great humanitarian effort to care for those in need is severely damaged by sacrificing our methods upon an altar of expediency as we would do if we enacted this bill.

Among the 18 million over 65 who would be eligible to take part in this program are many hundreds of thousands who are among the most affluent members of the wealthiest society in all history.

Yet we propose to tax the average worker, the poor, the crippled, and the blind with a program of regressive taxation in order to provide a solution to a problem which is vexing, but which can be solved for the greater equity of all.

I cannot bring myself to compel the poorest sector of our society to pay a compulsory gross income tax with no exemptions on more than the first $5,000 of income to help support the wealthiest element of our society for hospital treatments for which they are completely competent to pay.

I fear that if we now foist off on the average worker this concept which will tax the first dollars we earn with a gross income tax without exemption, a great effort will be made in future tax legislation to follow the same regressive philosophy in future tax legislation.

It is unconscionable. It is unjustifiable. It violates every canon of a conscionable concept of legitimate taxation. Many individuals, of course, are caught in the rising cost of living, and they may not wish to take money out of their paychecks. Young people wish a lifetime of their earnings clear, in order to meet a contingency which they may never live to confront.

Sometimes I wonder just who we Senators think we are.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. Mr. President, I yield 3 additional minutes to the Senator from South Dakota.

Mr. MUNDT. Sometimes, as I say, I wonder who we Senators think we are when we sit in our seats and pompously say we know so much more about the affairs of the average family in America than anyone else that we can compel them to make financial determinations which they themselves think are unwise for them to make.

I somehow doubt that we have the Olympian wisdom that enables us to pontificate for all of society.

This is not to say that those in need will not be helped by H.R. 6675. On the contrary certain provisions of this legislation are good but unforuntately one of the most important provisions is lacking—a provision of choice. I for one will never accept the proposition that the American people are not capable of being masters of their own destinies. A decision to participate or not to participate in a health insurance plan should, in my estimation, be the prerogative of the individual and not be forced upon every wage earner by the Federal Government. Who are we in Congress and in the White House and what right do we have to tell an average workingman that his best interests and the best interests of his family will be served by taking additional money out of his paycheck to purchase protection against problems which may be 25 or 35 years away and which he may never live to confront rather than using that money for something that is needed right now?

Many individuals, caught in the rising cost of living, may not want any more money taken out of their paycheck. Young people who are raising a family may need that money to take care of immediate bills. A young man who is saving for a college education would certainly be justified in deciding that his education is more important than health insurance for the aged that he may never be able to use. As U.S. Senators, we have the right to disagree with him but I do not believe that we have the right to overrule his decision. I, for example, consider a life insurance policy to be an excellent investment—but I do not believe the Government should coerce every citizen into buying one.

With this latest increase in the payroll tax together with the increase of the taxable earning base, we will be taking another step toward the time when the Government completely manages an individual's finances. Under this proposed plan a total of $379.50 from an employee's paycheck and a similar amount from the employer could be extracted by the Government to be applied toward various Government-run programs. Granted, not all of this would go toward a health insurance plan, but taking just the figure of $56.10 which would be deducted from an employee's check as his portion for medicare, it reaches sizable proportions when multiplied by 30 or 40 years. Its total is even more significant when it is remembered that it may never be used by the person who has been forced to contribute for all of those years. To those who would say that this risk is inherent in most insurance plans I would answer again that it is a risk that should be decided upon by each individual and not by the Government. When to start saving for one's golden years and how much money should be set aside are not matters which should be determinable by governmental edict.

An even more shocking statistic as to the projected cost of this program is that which concerns the self-employed. A South Dakota farmer, for example, could be taxed for $518.10 a year. Such a tax of almost $45 per month places a heavy burden on many of our farm families who are already struggling to make ends meet, especially when it is levied against his gross rather than his net income.

It is entirely possible that we may be forcing such individuals to forsake some other protective plan in order to meet the requirements of the social security system. Or, we might be denying this farm family the needed money to help their child attend college.

Are we to say that this farmer should invest in an old-age health insurance plan that he may never use when his commonsense and the realities of life indicate that he would be much better off for all of his working lifetime with a comprehensive hospitalization insurance plan or a casualty and accident insurance policy which would protect him during his productive years? Isn't this decision his? Who are we who think we are so mighty and so wise to make this decision for him?

Mr. President, we have before us a bill that has literally grown like "Topsy." From an initial proposal for a program that would cost in the neighborhood of $2 billion we have progressed to a point where now even the supporters of this bill admit that the cost will exceed $6.8 billion per year and everyone admits and knows that this figure will increase in later years.

It does nothing, for example, to protect the individual or his family against the tremendous costs of catastrophic illnesses such as would have been provided in the Ribicoff amendment which I supported but which the administration forces defeated by a rollcall vote in the Senate.

Packed in among the many worthwhile features are items even so that have raised the overall cost of the program far beyond the original expectations of its sponsors. Even the committee bill has already been amended several times during the consideration of this bill on the Senate floor.

I deplore the fact that this legislation is being used as a vehicle to propel into law many items that deserve a more thorough scrutiny and more careful debate. These provisons have changed the concept of this bill from one which would solve a particular problem, medical assistance to the aged, into a revision of other aspects of our social security system, changes which are not limited to the aged and whose ramifications will be felt for years to come.

By coupling these items to a bill designed to alleviate the problems of the aged who are ill and have inadequate finances, the sponsors of this legislation have endangered not only the worthy objective of medical assistance but also the increase in social security benefits, both of which I heartedly support.

I had hoped that I would have been able to support legislation this year which would increase from $1,200 to $1,800 or more per year the amount of earnings allowed under social security. In fact, I have introduced separate legislation to that effect. I had hoped to support legislation which provides for a 7-percent increase in cash benefits for social security recipients, legislation which I have supported in the past, but for the reasons I have outlined previously I cannot do so as an incidental item in a bill primarily devoted to other purposes.

No one can deny that we are experiencing a time when the cost of living is steadily rising. Few people doubt that inflation will continue to plague us. For more than 5 years this Government has run a deficit of over $5 billion a year.

I recently voted against expanding our Nation's debt ceiling to an astronomical $328 billion but the concession was enacted and interest charges of about $1 billion every month of the year are now being paid by the Government. The unfunded accrued liability of the old-age, survivors, and disability insurance system—OASDI—was $321 billion on January 1, 1962, the last date for which complete figures are available. The unfunded accrued liability of military retired pay is over $61 billion. Who knows what this eventually means and where this current proposal will carry us in this ever-expanding and bewildering sea of red ink? I am convinced, however, that a bankrupt and insolvent social security system could well become worse for our average citizens and for America's oldsters than no social security system at all.

No man or woman who has studied this legislation can fail to recognize three basic evils which have been embodied in this act: subsidy, coercion, and control.

No one can doubt for a minute that this is simply another step toward the neutralization of private responsibility which will eventually end when the Government assumes complete control over the destinies of all of our citizens from the cradle to the grave. The principle established here, when carried to its logical conclusion, cannot fail also to be damaging to two segments of our free enterprise system—our physicians and our insurance industry.

As we vote on this bill, however, my fears are not so much for these two groups of our society or the collateral private economic enterprises and activities certain to be in the forthcoming target circles, as they are for society itself, for we will be taking another step toward destroying the independence and self-reliance in America which is the last best hope of individual freedom for all mankind.

Mr. President, I close with this thought. There is a great deal of wisdom in going a little slower before we write into perpetuity a program still so controversial, still so uncertain, that even after all the committee deliberations in the House, the House action, the committee deliberations in the Senate, and the Senate deliberations, we have amended it and amended it and expanded it and increased it on the floor of the Senate, and still by narrow margins of a few votes we remain divided and undecided about the wisdom of our course.

If that is delay, it is the delay of prudence and propriety. I suggest that Senators vote in favor of the motion to recommit.

Mr. WILLIAMS of Delaware. Mr. President, I yield 3 minutes to the Senator from South Carolina [Mr. THURMOND].

Mr. THURMOND. Mr. President, the bill which contains the Social Security Amendments of 1965, now before the Senate, contains many needed provisions. There are corrections of unjust provisions and eliminations of inequities included in the bill reported by the committee which are long overdue.

Under existing law, social security benefits are cut off for children at the very time when the expense for their care reaches its most burdensome point. This happens because social security for a dependent child stops when the child reaches age 18, despite the fact that the child is, at that age, just at the point of beginning college or advanced education. Under the bill before the Senate, this inequity is eliminated. The bill provides that if a child is between the ages of 18 and 22 and is a student, the social security benefits continue. Not only will this provide benefits when they are often most needed, but it will provide means and encouragement for more young people to continue their education.

Also under existing law, initiative and incentive to work and earn is penalized and inhibited. The law now provides that when a social security beneficiary under the age of 72 earns more than $1,200 annually, his social security benefits are reduced; and if he earns more than $1,800, he would lose all of his social security benefits. The bill before the Senate would permit an individual to earn as much as $1,800 without jeopardizing any of his social security benefits.

These reforms are overdue. I introduced separate bills in January to accomplish these reforms, and it is gratifying to see that these inequities are going to be corrected.

Fairness and justice also require that certain religious groups who oppose insurance because of their religious tenets be exempted from the compulsory provisions of the social security system, and the bill wisely includes this exemption.

For some time, it has been evident that the rising cost of living has made it imperative that the Congress increase the level of benefits of the social security program, if the program is to continue to meet the needs for which it was originally designed. This increase in benefits should have been enacted last year, and it would have been passed but for the insistence that any bill passed include everything in the one bill. The proposal now before the Senate would increase benefits under the social security program by 7 percent and provide a minimum increase of $4 per month for each annuitant. This increase in benefits is needed, and I sincerely hope that it will be passed.

Mr. President, there is also a very real need to provide assistance to those elderly persons who cannot afford adequate medical care. Great advances have been made in medical science in recent years, and the knowledge is now available to provide treatment for illnesses to a degree unimagined a few years ago. It would indeed be a tragedy and a blight on our society if those in their senior years who have lived to witness these miracles of science are denied, for lack of financial means, not only the latest in medical care, but even the type of medical treatment which has been available, from a scientific standpoint, for years. The costs of medical care—both the old and the new—have skyrocketed. Unfortunately, the high costs of such care is beyond the means of many senior citizens.

The correction of existing deficiencies, inequities, and injustices cannot justify, however, the simultaneous creation of new and larger inequities and injustices. Nor does the meeting of existing needs of senior citizens who cannot afford adequate medical care provide a justifiable excuse for saddling the citizens of the country with the heavy burden of providing medical services for those well able to take care of themselves.

This bill goes far beyond meeting the needs of those senior citizens who are unable to afford adequate medical care.

The provisions of the bill, as it is now before the Senate, would extend medical services not just to those who are in need, but to virtually all persons. It would provide such services to the rich as well as to the poor. Even those who have great fortunes would be entitled to the medical services provided in this bill.

Such an expansive and unneeded program, of course, entails an enormous cost. To finance this colossal program, the bill would increase an existing regressive tax. The burden of this tax would fall on the wage earner, who would pay an increasing percentage on the first $6,600 of his salary, without deductions or exemptions, and regardless of his financial circumstances. Indeed, this tax is scheduled under this bill, even in the absence of increased rates in the future, to rise on each salaried individual to a total of 11.50 percent of the first $6,600 of wages to be paid equally by the employee and employer. This will cause a direct withholding from an employee's salary of as much as $370.50 for social security taxes, which, in many cases, will far exceed the income tax liability of the individual.

Despite all of these inequities, the bill does not even provide for the single greatest area of need for medical services among the elderly. This is, of course, the need that occurs when there is a long and expensive illness. In the first full year of operation of the provisions of this bill, payments under social security and for the health care program will increase by more than $8 billion. Yet those elderly people who are stricken with cancer, a heart attack, or a serious operation which entails a long period of hospitalization will find no help on their hospital expenses after the first 120 days.

The deficiencies of the health care program proposed in this bill do not end here, however. The program is so designed that it will also jeopardize the financial stability of the existing social security system.

The medical care provisions of this measure are grafted onto the existing social security system. In so doing, the bill would make a major change in the nature of the existing program. Since the inception of the social security program, the benefits have been calculated in fixed-dollar amounts. These fixed-dollar benefits can be calculated for the future with a substantial degree of certainty, and payroll taxes levied in precise

amounts to insure that sufficient funds are collected to make the social security fund actuarily sound. This insures that money will always be available to pay the benefits to workers who reach retirement age after contributing to the fund during their working years.

This present bill would provide medical services, not calculated in fixed-dollar amounts, in addition to the existing type of benefits. The cost of such services in the future cannot be forecast with any reasonable degree of certainty, because it cannot be foreseen how much the cost of these services will fluctuate. Experience demonstrates that the costs of medical services have risen, and will continue to rise, far faster than other costs of living. Without any fixed-dollar limit on payments or charges, we can be sure that hospitals, many of which now are operating at a deficit, will raise their charges to get on a profit basis. As a result, the payroll taxes imposed by the bill to defray the cost of medical services will almost certainly prove insufficient. The money to make up these deficiencies will be taken first from the regular social security fund, thereby jeopardizing the existing system.

The bill provides, of course, that the taxes for social security and the taxes for medical care, although paid as one tax, shall be accounted for a separate funds within the overall fund. It is alleged that this will insure that the social security fund is not impaired. This allegation is refuted categorically by the minority report of the members of the Finance Committee of the Senate. The minority report is signed by five members, including the distinguished and experienced chairman, the senior Senator from Virginia [Mr. BYRD]. The minority report states:

Some advocates in this Congress, attempting to give assurance that the medicare program won't impair the retirement funds, point to the separate trust fund as though it would vouchsafe retirement dollars. This is illusory. Congress, 10 years ago, provided a separate trust fund for the disability program and our 10-year experience finds us in this very legislation having to rob the retirement fund. It is unfair that we impair the solvency of a program upon which many retired persons and millions more to retire in the future depend, at least as a retirement foundation.

I concur wholeheartedly in this conclusion. The bill as it is presently drafted clearly endangers the financial soundness of the existing social security fund.

The medical care part of this bill is not directed at the need which exists. It attempts to provide services for those who are not in need, and it seeks to finance this expansive program with a heavy tax on those who can least afford to pay it. In addition, the program is tied to the existing social security system, thereby endangering the financial integrity of the system to which so many have contributed and on which an overwhelming part of our citizens have based their retirement plans in whole or in part.

I shall support the motion of the Senator from Nebraska to recommit the bill to the committee with instruction. Under his motion, the proposed 7-percent increase in dollar benefits would remain unchanged, as would the many corrections of existing inequities and injustices which are now in the bill. The Finance Committee would be required to rewrite the medical care section of the bill in a manner which would provide for the actual need which exists, including the provisions to meet the costs of catastrophic illnesses. It would require the Finance Committee to eliminate the provisions which would provide compulsory medical services for those well able to take care of their own expenses because they have adequate funds to do so. The motion would also require the committee to eliminate the inequitable regressive tax as a means of supporting the program of medical care.

In connection with this unjust and regressive tax, I ask unanimous consent that an excellent article on the subject, entitled "Robbing Peter," which appeared in the April 26, 1965, issue of Barrons, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Mr. President, I sincerely hope that the Senate will adopt the motion of the Senator from Nebraska [Mr. CURTIS]. Despite all of the meritorious features in the bill, I could not support the major new inequities which would be created by the medical care part of the bill, particularly in view of the fact that it does not even meet the most urgent need which exists—the prolonged and most expensive illnesses. The corrections proposed by the Senator from Nebraska would eliminate these overriding defects, and design a bill to meet the actual needs. We could all support the resultant bill in its entirety with pride and enthusiasm.

EXHIBIT 1

ROBBING PETER: A CRITICAL LOOK AT THE PENDING SOCIAL SECURITY BILL

(By Shirley Scheibla)

WASHINGTON.—"Because social security recipients have been getting benefits 10 times as great as what they have paid in, people seem to think we have a special machine here which turns out $10 bills for $1 bills," says a top official of the Social Security Administration.

Since the SSA possesses no such wondrous device, it is counting on future contributions in excess of benefits to make ends meet for its old-age, survivors, and disability insurance. The present benefits-contributions ratio will grow even more unfavorable if the Senate enacts the social security bill, H.R. 6675, recently passed by the House.

The benefit-payment ratio for persons already retired obviously is responsible for much of the enthusiasm for the bill, which contains not only medicare but also a 7-percent increase in cash benefits. Retirement contributions, however, have been stepped up even more.

PUBLIC IGNORANCE

Says one official: "Continued general support for the social security system hinges on continued public ignorance of how the system works." He adds: "I believe that we have nothing to worry about because it is so enormously complex that nobody is going to figure it out."

Barron's hereby takes on the job.

The SSA worked up the following table, which purports to show that benefits in every age group exceed contributions:

| | Retiree age 71 | Worker now age 50 | 18-year-old future worker |
|---|---|---|---|
| Total contribution | $1,290 | $5,832 | $10,212 |
| Retirement benefits | 13,422 | 14,094 | 14,205 |
| Wife's and widow's benefits | 9,363 | 9,831 | 9,909 |
| Total benefits | 22,785 | 23,925 | 24,114 |

The table warrants close scrutiny. Based on maximum contributions and benefits, it includes only amounts paid by employees, even though employers pay matching amounts for their benefit. It also excludes interest which the money could have earned for the contributors if it had not been tied up in social security funds.

This approach, however, is far from realistic. To cover the true situation, the table would obviously have to include both interest and the employer's contribution. Starting with the 71-year-old retiree, and calculating interest at 3 percent (approximately the average national rate during the period of his contributions) would produce a figure of $3,373, against benefits of $22,785. Actuarially, he can expect to live to 79 to collect this amount. The 7-percent increase in cash benefits under H.R. 6675 would raise his benefits to $24,379. His contributions, of course, would not thereby increase, since he no longer makes any.

As for the 50-year-old worker, by including the employer contribution and interest at 3 percent during 1960 and 4¼ percent thereafter (again, the national average for the period) his total payments come to $22,856, against benefits of $23,925—if he lives long enough. The actuarial table used by the Internal Revenue Service for taxing annuities indicates he can expect to live to only 75½, whereas SSA has assumed he will live to 79.

The new bill would require this worker and his employer to contribute an extra $4,240 for retirement. At the same time, the bill's 7-percent increase in cash benefits would mean an extra $1,667 for him. Thus, if H.R. 6675 becomes law, the 50-year-old worker can expect to make contributions of $26,012, including interest, against benefits of $25,592.

As for the 18 year old, including the employer's contribution and figuring interest at 4¼ percent for the latter's 46-year working life (assumed by SSA) gives a total of $61,596, against $24,114 in benefits. For this contribution the worker could purchase from a private company a monthly annuity of $463 for life, after retirement. His maximum benefit under social security would be $254 a month.

MONTHLY ANNUITY

Under the new bill, H.R. 6675, employer-employees retirement contributions for the 18-year-old, with 4¼ percent interest, would come to $84,300. The 7-percent increase in cash benefits would bring the latter to only $25,802. For this amount, the worker could purchase from a private company a monthly annuity of $634 for life. His maximum benefit under social security would be $312 a month.

The benefits figured may be high under both present law and the pension bill because SSA has assumed the youngster will retire at 67 and live to the ripe old age of 79. But the Internal Revenue Service actuarial table assumes that an 18-year-old today can expect to live to only 71.9, SSA in any case, has adopted a policy of robbing Peter to pay Paul.

Obviously, those who are urging Congress to be still more generous are thinking chiefly

of people already retired or close to retirement. Few of these enthusiasts realize, however, that OASDI has been in operation for only 28 years and that therefore no one has paid social security taxes for his whole working life of 46 years. The system took in an additional 10 million people as recently as 1951, when new legislation covered farm and domestic workers. Another 7½ million members were added only 10 years ago, when coverage was extended to some self-employed. H.R. 6675 would take in still others, including waiters and additional professional workers.

A REAL BONANZA

For the 20 million retirees collecting today, social security is a real bonanza. For those who turned 65 a few years after entering the system, it represents a windfall. For new workers, however, today's largesse will be a crushing burden because, in order to pay Paul, SSA must rob Peter.

Neither SSA officials nor members of the Ways and Means Committee make any bones about the prospect that future contributions will pay the bill. This, they point out, is the great difference between social insurance and private pension plans. The latter should have enough in the till to fulfill all obligations without counting on any new entrants. But under a compulsory system, the experts explain, they can count on the taxes on new workers coming into the system. SSA officials insist that an employer's social security taxes are "for the social good," not for the individual good of the worker on whose earnings they are based.

Whether SSA will be able to sell this idea remains to be seen. Ray M. Peterson, vice president and associate actuary of the Equitable Life Insurance Society, has his doubts. Says he: "We may expect from sophisticated, market-oriented employers and from labor union experts increasing dissatisfaction with the disparity between what OASDI promises and what could be secured under a private plan."

Some dissatisfaction already is becoming apparent. Students at Northern Illinois University have formed a Young Citizens Council, to combat exploitation of young taxpayers under the social security program. Commented the Chicago Tribune: "They think it only fair that the young taxpayer who is getting set on a job and starting to raise a family should pay lower social security taxes than older persons who have to pay only a few years before they start receiving benefits."

Nobody knows the exact debt young workers will have to pay. Back in 1962, when the SSA last figured out its unfunded liability for OASDI, it totaled $321 billion. Now the experts think it may come to $330 billion or more. Just for present members, according to SSA officials, passage of H.R. 6675 would mean an additional liability of $40 to $50 billion for increased cash benefits and another $35 billion for medicare.

At the end of last year the old-age and survivors insurance trust fund totaled $19.1 billion, compared with a high of $22.5 billion 8 years ago.

The story is even worse for the disability insurance fund. When Congress created it in 1956 to finance disability payments, authorized then for the first time, much was made of the fact that the disability insurance fund was set up separately from the old-age survivors insurance fund. Congress developed a habit, however, of enlarging disability benefits more than it enlarged the fund. Last year disbursements exceeded receipts by $188 million, and the fund shrank to $2 billion at the end of the year. By 1969, under present law, it is expected to fall to $81 million.

The following table shows how the combined unfunded liability has increased since 1956:

[Billions of dollars]

| | Taxes plus trust funds | Value of benefits | Unfunded liability |
|---|---|---|---|
| 1956 act | 217 | 486 | 269 |
| 1958 act | 254 | 543 | 289 |
| 1960 act | 276 | 587 | 311 |
| 1961 act | 304 | 625 | 321 |

INCREASED BENEFITS

The unfunded liability has risen even though both the tax rate and the taxable earnings base have grown over the years. One difficulty, of course, is that each time Congress raises contributions, it also increases benefits.

When the system started out in 1937, the maximum earnings base was a mere $3,000, and employer and employee each paid a tax of 1 percent. The rate was to go up to 1½ percent each in 1940, to 2 percent in 1943, 2½ in 1946 and 3 percent in 1949. To reduce the burden of social security during World War II, however, Congress temporarily suspended the scheduled increases. By 1950 the combined tax went to 3 percent, and the following year the base went up to $3,600. In 1954 the rate rose to 4 percent, and the following year the base rose to $4,200. In 1956 Congress provided for the first cash benefits for disability, and the following year the rate went up to 4½ percent. In 1959 the rate became 5 percent, and the base $4,800. The next year the rate increased to 6 percent. Another quarter percent was added in 1962. In 1963 it went up to 7½ percent.

Congress has always felt that the tax rate must not exceed 10 percent. This ceiling, however, has been pierced in H.R. 6675. The following tables show what would happen to the combined tax rate and maximum contributions, under present law and under H.R. 6675.

*Combined employer-employee contribution*

[In percent]

| Year | Present law | H.R. 6675 | (1) |
|---|---|---|---|
| 1965 | 7.25 | 7.25 | |
| 1966 | 8.25 | 8.70 | 0.70 |
| 1967 | 8.25 | 9.00 | 1.00 |
| 1968 | 9.25 | 9.00 | 1.00 |
| 1969–70 | 9.25 | 9.80 | 1.00 |
| 1971–72 | 9.25 | 9.80 | 1.00 |
| 1973–75 | 9.25 | 10.70 | 1.10 |
| 1976–79 | 9.25 | 10.80 | 1.20 |
| 1980–86 | 9.25 | 11.00 | 1.40 |
| 1987 and after | 9.25 | 11.20 | 1.60 |

[1] Portion of H.R. 6675 tax required for basic health insurance program.

*Combined maximum contributions*

| Year | Present law | H.R. 6675 without medicare | H.R. 6675 with medicare |
|---|---|---|---|
| 1965 | $348 | $348.00 | $348.00 |
| 1966 | 396 | 448.00 | 487.20 |
| 1967 | 396 | 448.00 | 504.00 |
| 1968 | 444 | 448.00 | 504.00 |
| 1969–70 | 444 | 492.80 | 548.80 |
| 1971–72 | 444 | 580.80 | 646.80 |
| 1973–75 | 444 | 633.60 | 706.20 |
| 1976–79 | 444 | 633.60 | 712.80 |
| 1980–86 | 444 | 633.60 | 726.00 |
| 1987 on | 444 | 633.60 | 739.20 |

Even these contributions do not assure the actuarial soundness of social security. In its last annual report, the board of trustees figured things out on the basis of high, low, and intermediate cost estimates, and on both a 75-year and perpetuity basis.

On a high-cost and perpetuity basis, benefits will come to 10.83 percent of payroll, and contributions will total 9.11 percent, producing an actuarial imbalance of 1.72 percent. On the intermediate cost estimate, however, contributions will total 9.11 percent and benefits 9.35 percent, leaving an imbalance of 0.24 percent, just within the limit of 0.25 percent which Congress has considered acceptable. Figured on a 75-year rather than a perpetuity basis and on intermediate costs, contributions will total 9.10 percent and benefits 9.09 percent, leaving the miniscule positive balance of 0.01 percent. With low costs and a 75-year basis, it is possible to show a positive balance of 1.13 percent. The figures, in short, can be juggled to show whatever one wants.

The Ways and Means Committee has chosen the figures which show a positive balance of 0.01 percent. It says H.R. 6675 would shift this "to a lack of balance of 0.08 percent, which is below the established limit within which the system is considered substantially in actuarial balance."

However, if the past is any key to the future, contributions will have to rise and liberalizing of benefits will follow, in a dizzy spiral. As employers' social security payroll taxes go up, their operating costs will rise. With increasing amounts deducted for social security, employees are likely to ask for wage increases to maintain their take-home pay. Faced with theses twin developments, employers probably will raise prices. With higher prices, however, social security checks won't go so far, and beneficiaries again presumably will pressure Congress to boost monthly benefits.

In H.R. 6675 Congress seems to feel that it can slow down this process by giving up financing solely through social security taxes. For persons over 65 who are not eligible for medicare benefits from the general funds of the Treasury. The latter also would be used to match $3 monthly benefits, it would finance voluntary contributions from persons over 65 who want insurance to cover doctor bills.

Some observers feel that the introduction of general Government contributions is the first crack in the dike of financial controls maintained by payroll taxes. They expect some future Congress to decide that if workers and employers object to more than a 10-percent levy, the Government could keep on liberalizing social security and make up the difference from the Treasury's general funds.

SSA officials maintain, however, that there is a limit to how much the social security system can obtain from the latter source without necessitating an increase in the income tax.

The Ways and Means Committee has made much of the fact that H.R. 6675 sets up a separate fund for medicare benefits. Representative GERALD R. FORD, Republican, of Michigan, contended during the floor debate on H.R. 6675, however, that the trust funds will not be inviolate. "I need only point out to you that in this bill now before us is a provision increasing the allocation of funds to the disability trust fund to the detriment of the old-age and survivors insurance fund," he declared.

Congress is as aware as anyone that there is no such thing as a free lunch—or free retirement or medical benefits. It is, however, much more concerned with the voters of today than with the youngsters who will pay their bills in the future.

This is an appropriate time, then, to recall what the Ways and Means Committee said 10 years ago: "We should take sober warning that, in our zeal to provide ever greater benefits and to provide against an ever wider area of need, we do not destroy the very system which we have created."

Mr. HARRIS. Mr. President, I intend to vote for the motion of the Senator from Nebraska [Mr. CURTIS] to recommit H.R. 6675, with instructions.

I vote for it, not because I agree with everything the distinguished Senator has said in support of his motion, nor because I agree with everything the motion says.

I vote for the motion because it gives me an opportunity once again to make my position clear on the several issues involved in this important subject, the same reason I previously voted for the motion to strike of the Senator from Nebraska [Mr. CURTIS].

Last year I was a candidate for the U.S. Senate from Oklahoma. I was running in the home State of the distinguished late Senator Robert S. Kerr. I was a candidate for the unexpired term of the late Senator Kerr. I was a candiated in a State which knows well the words "Kerr-Mills," and its basic concept concerning medical care for the aged.

As a candidate for the Senate, I made clear to the people of Oklahoma on countless occasions my position on the several questions involved here today.

I recognize well and feel most deeply the tremendous need for expanded medical care for the aged and others. I am not in total agreement with the suggestions made concerning medical care by the motion of the distinguished Senator from Nebraska. I do feel that the administration approach to this great problem is not the best answer at this time, and I know that history will show that it was only the beginning of an answer at best. I believe that we should do more for those in need than this bill provides—and I am willing to be liberal in my definition of "need," and I think particularly we ought to do more for those who are victims of the tragedy of catastrophic illness than this bill provides.

I believe that the financing provided in this bill for expanded medical care for the aged is not the proper way to go about financing this need. I think the increased payroll tax will operate as a drag on our economy. I think that the whole concept of this section is regressive because it does not properly take into account the differing abilities to pay the costs of the program, nor does this bill take into account the differing needs for benefits under the program.

The distinguished Senator from Louisiana [Mr. LONG] attempted to change this regressive concept by a substitute which he offered in the Senate Finance Committee. The Long substitute was first adopted and then rejected by the Finance Committee.

The amendment offered on Thursday by the Senator from Nebraska [Mr. CURTIS], which I supported and voted for, but which was not adopted by the Senate, would also have corrected materially the bad concept in this bill, because it would have required that the 20 percent of those over 65 who have the highest incomes would have had to pay a greater share of their medical costs.

Had we adopted the Curtis amendment we would have then been able to take the lid off of the limited number of days that a person can receive care and, thereby, could have taken care of the complete needs of those who are victims of the tragedy of catastrophic illnesses as was advocated by the Senator from Connecticut [Mr. RIBICOFF] and in a modified form by the Senator from Indiana [Mr. HARTKE].

As my statement in Thursday's record indicates, I feel the Curtis amendment would have made this bill much more fair and would not have made the working man and woman pay more of their earnings so that people with high incomes able to provide for themselves could have free medical care.

But the Long substitute failed in committee and the Curtis amendment failed Thursday on the floor of the Senate.

Therefore, in keeping with my own conscience on this matter and my commitment to the people of Oklahoma, I cannot vote for this bill because of the medicare provisions which it contains, though I know the bill will pass, and I know that the time has long since passed when major alternatives can be considered. However, in voting for the motion of the Senator from Nebraska, I have an opportunity to make clear that there is much about this bill I like.

I am strongly in favor of increasing the cash benefits of old age and other public assistance and for social security recipients. I am also strongly in favor of increasing the amount these people can receive from earnings or from other sources without having the amount of their assistance reduced.

In line with this thinking on my part, I supported the amendment of the Senator from West Virginia [Mr. BYRD] to allow social security recipients the option of retiring at age 60 at two-thirds of the regular benefits. I supported and voted for the amendment of the Senator from Iowa [Mr. MILLER] which would have provided for regular cost of living increases in social security benefits as the cost of living index rises. I cosponsored with the Senator from Texas [Mr. YARBOROUGH] an amendment which provided that increased old age assistance under this bill would go into effect in July of this year, rather than January of next year, as the bill had provided. I supported the amendment of the Senator from Louisiana [Mr. LONG] to provide that increased cash payments under this bill would be in addition to benefits now received.

Therefore, there is much about this bill which I like, as I now make clear by my vote for the motion of the Senator from Nebraska [Mr. CURTIS]. I like the provision of the bill which allows increased earnings for social security recipients, and as a matter of fact, I would like to see these people be allowed to earn up to $2,400 per year without having their assistance reduced and permit earnings and reductions at a $1 for $2 ratio up to $3,600.

There are many other things which I like about this bill as I indicate by my vote for this motion, and if the motion is adopted, I will certainly and immediately join hands with all interested Senators in seeing that we make some real improvements in the social security, old age and other public assistance and Kerr-Mills programs, and in bringing back to the Senate at once a more workable and sound program and a more compassionate and more complete program for medical care for the aged.

Mr. LONG of Louisiana. Mr. President, it seems to me that the issue is very clear. If Senators wish to take the medicare provision out of the bill they should vote for the motion. If they wish to stay with the committee amendment, they should vote against the motion.

This is the most important provision in the bill. If Senators wish to keep the King-Anderson provision in the bill, as recommended by the President, they should vote against the motion. If they are opposed, they should vote for the motion. I am prepared to yield back the remainder of my time.

Mr. CURTIS. I yield myself 1 minute.

I agree that the issue is clear. We have an opportunity to save $2.5 billion and provide better protection at a lower cost. We have an opportunity to save the country from a gigantic step in socialism, because to provide medicare for those well able to provide it themselves cannot be justified on any other basis.

Mr. SALTONSTALL. Mr. President, will the Senator yield 1 minute to me?

Mr. CURTIS. I yield 1 minute to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I shall vote with the Senator from Nebraska, because I believe these two matters should be separated. I believe the two subjects, social security and medicare, should be separated. For that reason I shall vote for the motion to recommit. If his motion fails, I shall vote for the bill.

Mr. CURTIS. Mr. President, I yield back the remainder of my time.

Mr. LONG of Louisiana. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the motion of the Senator from Nebraska [Mr. CURTIS] to recommit the bill.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ELLENDER (when his name was called). On this vote I have a live pair with the senior Senator from Missouri [Mr. SYMINGTON]. I understand that he would vote as I intend to vote. I vote "nay."

Mr. KUCHEL (when his name was called). On this vote I have a pair with the distinguished senior Senator from Nebraska [Mr. HRUSKA]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Arizona [Mr. HAYDEN], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. McGEE] and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] and the Senator from Kansas [Mr. PEARSON] are absent on official business.

If present and voting, the Senator from Kansas [Mr. PEARSON] would vote "yea."

The pair of the Senator from Nebraska [Mr. HRUSKA] has been previously announced.

The result was announced—yeas 26, nays 63, as follows:

[No. 175 Leg.]

YEAS—26

| | | |
|---|---|---|
| Allott | Hickenlooper | Russell, S.C. |
| Bennett | Jordan, N.C. | Saltonstall |
| Cotton | Jordan, Idaho | Simpson |
| Curtis | Lausche | Stennis |
| Dominick | Miller | Thurmond |
| Eastland | Morton | Tower |
| Ervin | Mundt | Williams, Del. |
| Fannin | Murphy | Young, N. Dak. |
| Harris | Robertson | |

NAYS—63

| | | |
|---|---|---|
| Aiken | Gruening | Montoya |
| Anderson | Hart | Morse |
| Bartlett | Hartke | Moss |
| Bass | Hill | Muskie |
| Bayh | Holland | Nelson |
| Bible | Inouye | Neuberger |
| Boggs | Jackson | Pastore |
| Brewster | Javits | Pell |
| Burdick | Kennedy, Mass. | Prouty |
| Byrd, W. Va. | Kennedy, N.Y. | Proxmire |
| Cannon | Long, Mo. | Randolph |
| Carlson | Long, La. | Ribicoff |
| Case | Magnuson | Scott |
| Church | Mansfield | Smathers |
| Clark | McClellan | Smith |
| Cooper | McGovern | Sparkman |
| Dodd | McIntyre | Talmadge |
| Douglas | McNamara | Tydings |
| Ellender | Metcalf | Williams, N.J. |
| Fong | Mondale | Yarborough |
| Gore | Monroney | Young, Ohio |

NOT VOTING—11

| | | |
|---|---|---|
| Byrd, Va. | Hruska | Pearson |
| Dirksen | Kuchel | Russell, Ga. |
| Fulbright | McCarthy | Symington |
| Hayden | McGee | |

So Mr. CURTIS' motion to recommit the bill with instructions was rejected.

Mr. HARRIS. Mr. President, I offer amendments which I send to the desk and ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. The amendments of the Senator from Oklahoma will be stated.

The legislative clerk proceeded to read the amendments.

Mr. HARRIS. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, the further reading of the amendments will be dispensed with, and they will be considered en bloc.

The amendments of the Senator from Oklahoma [Mr. HARRIS], considered en bloc, are as follows:

On page 22, strike out lines 3 through 8, and insert in lieu thereof the following:

"(4) The amount payable for post-hospital extended care services furnished an individual during any spell of illness shall be reduced by a deduction equal to one-fifteenth of the inpatient hospital deductible for each day (before the 101st day) on which he is furnished such services after such services have been furnished to him for 60 days during such spell."

On page 187, line 1, insert "and skilled nursing home" after "hospital".

On page 187, line 9, insert "and skilled nursing home" after "hospital".

Mr. HARRIS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD two statements in support of the amendments.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

EXPLANATION OF HARRIS AMENDMENT NO. 1

This amendment if adopted would make this bill consistent and logical in its treatment of costs of both hospitals and skilled nursing homes.

The bill as it came from the House, and as reported by the Senate Finance Committee, treats skilled nursing homes differently from hospitals on the establishment of payments to them and is, therefore, presently inconsistent.

Part 1, the medicare provision, of H.R. 6675 provides that both hospital and nursing home services shall be compensated on the basis of reasonable costs.

However, in section 204, on page 186 of H.R. 6675, as reported by the Finance Committee, it is provided that under the Kerr-Mills provisions of the bill hospital services shall be compensated on the basis of reasonable costs, but no such provision is made for skilled nursing services to be compensated for on the same basis.

It is neither fair nor logical to compensate hospitals on the basis of reasonable costs and not provide the same compensation for skilled nursing homes.

It is agreed by everyone, I believe, that the fair and consistent thing to do is to adopt this amendment, but it is said that this will cost too much money. My amendment will cost more money initially, but in the long run it will pay for itself.

Nursing home costs are between one-fifth and a little over one-third of average hospital costs. Therefore, it is good public policy to encourage the elderly patient to transfer from the hospital as soon as it can medically be done, because the costs therefor will be much less.

Furthermore, it is good public policy to see that the elderly patient gets in a skilled nursing home which has all of the proper safeguards and standards.

My amendment will accomplish both of these ends. If we don't adopt the amendment, and refuse to pay reasonable costs in a skilled nursing home, we will encourage the patient to stay in the hospital where costs will be greater, or we will subsidize second-class nursing homes, because we will refuse to pay reasonable costs.

I hope that my amendment will be adopted because, first, it is fair and consistent—nursing homes and hospitals are both paid for reasonable costs. Second, if we don't adopt the amendment and pay nursing home reasonable costs under Kerr-Mills, then those indigent patients over 65 will either be sent to or remain in hospitals where it will cost three to five times as much, or they will be placed in substandard homes and get substandard care, because you get what you pay for.

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EXPLANATION OF HARRIS AMENDMENT

Mr. President, medicare bills from the time of the Forand bill down to and including the 1964 King-Anderson bill provided for twice as many days of nursing home c re as hospital care. This was sound principle.

The reason why twice as much nursing home service was provided was to encourage people to transfer to nursing homes as soon as medically practicable. The convalescence period is normally longer than the initial period of illness. Nursing home costs are between one-fifth and a little over one-third that of hospital costs. The average hospital cost is $40 per day, while the average nursing home cost is around $10 per day.

H.R. 6675, as passed by the House, recognizes that the timely transfer from hospitals to skilled nursing homes would prevent overcrowding of hospitals and cut down on costs under the program. This aim was accomplished in the House version of the bill by allowing a patient to convert 40 unused hospital days into 80 nursing home days.

Now, this provision was expanded and changed to give additional hospital days with a $10 a day deductible. However, the committee did not increase the nursing home days in the case of catastrophic illness, but instead provided for 80 days of nursing home care with a $5 a day deductible.

This committee version inadvertently discriminates against and discourages the use of skilled nursing homes. My amendment seeks to correct that discrepancy. It would leave nursing home care at 100 total days, but would provide that all over 60 days (not 20 as is provided in the committee version) would be allowed at a deductible of $2.67 per day (not $5 as provided in the committee version). My amendment would make this provision in accord with the hospital provision.

There are sufficient safeguards now in H.R. 6675 to insure that skilled nursing homes will be used for only the chronically ill. A skilled nursing home must be under the supervision of a registered professional nurse. It must be primarily engaged in providing skilled nursing care and have policies developed and executed under the advice of one or more physicians and one or more registered professional nurses.

Now, it may be said that this amendment will cost more. However, such estimates do not take into account the fact that without this amendment we will encourage a patient's staying in a hospital at greater cost, and with my amendment we will encourage a shorter stay in the hospital, supplemented by a longer stay in the nursing home at less cost.

Therefore, under my amendment I think it is obvious that the cost will be the same or less under the program.

With the safeguards provided in the bill, I believe that we should want to encourage transfer of patients when medically practicable to good, skilled nursing homes, and that is what my amendment will do.

Mr. HARRIS. Mr. President, I yield myself 3 minutes. Due to the lateness of the hour, and the fact that an amendment offered by the Senator from New Jersey [Mr. CASE] providing for the study of nursing homes and their responsibilities in relation to this program has already been adopted, and the opposition which has been expressed in some quarters to both amendments, which have to do with nursing homes, I shall be brief.

One amendment would provide a deductible of $2.67 a day rather than $5, as is now provided in the bill for nursing homes, and a free period of 60 days rather than 20 days, as is now provided in the bill.

The other amendment would pay to skilled nursing homes their reasonable costs under the Kerr-Mills program, as now provided for hospitals under the same program in the bill.

I shall not insist upon a yea-and-nay vote.

I wish to have the statements on the amendments in the RECORD, because,

particularly as to one amendment, the House did a better job on the subject, and perhaps the conference committee can take these statements and the amendments into account in their deliberations, and work something out better and more fair than what is now contained in the bill.

Mr. ANDERSON. Mr. President, I yield myself 3 minutes.

First, I compliment the Senator from Oklahoma. He has proceeded in proper fashion. He has offered his amendments. The proposal of the Senator from New Jersey [Mr. CASE] is that this subject be considered carefully. No one knows at this time what the cost of nursing care should be, and no one knows how long the period will run. Therefore, the amendments should be rejected. I have promised the Senator from Oklahoma that the Committee on Finance and the Department of Health, Education, and Welfare will make a careful study, and by the time Congress meets again, we shall have answers for him and for the country.

I appreciate the attitude of the Senator from Oklahoma. We shall try all the harder because of the fine way he has acted. I hope the Senate will reject the amendments by a voice vote.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. SALTONSTALL. I could not hear what the Senator from Oklahoma said. Do I correctly understand that he proposes a study?

Mr. ANDERSON. No; these are definite amendments. The Senator from New Jersey [Mr. CASE] proposed a study which would require several months. That is the best way to proceed. We have not enough information at this time on nursing homes. If we study the subject for a few months, we shall be in a much better position when the Senate meets again next year.

I appreciate what the Senator from Oklahoma has done. He has agreed that a study be made; then we shall be able to report to the Senate.

Mr. HARRIS. Mr. President, I appreciate the statement of the Senator from New Mexico. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from California yield back the remainder of his time?

Mr. KUCHEL. If I am in control of the time on this side, I do.

The PRESIDING OFFICER (Mr. MCINTYRE in the chair). The question is on agreeing to the amendments, en bloc, offered by the Senator from Oklahoma. (Putting the question.)

The amendments are agreed to.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the voice vote be taken again.

The PRESIDING OFFICER. The question is on agreeing to the amendments, en bloc, offered by the Senator from Oklahoma.

The amendments were rejected.

Mr. DOUGLAS. Mr. President, for myself and on behalf of the Senator from New York [Mr. JAVITS], I offer an amendment which I send to the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 79, line 3, it is proposed to insert the following after the word "anesthesiology" in the parenthesis "under arrangements by the hospital with them."

Mr. DOUGLAS. Mr. President, I do not believe that the amendment is necessary. What it does is to make additionally and redundantly clear that the bill, as amended by the Committee on Finance, is neutral on the subject of arrangements between hospitals and medical specialists. Where arrangements for the services of the medical specialists are made through the hospital and the hospital bills for the services of the medical specialists reimbursement will be made under plan A. Where medical specialists do not wish to have the hospitals do the billing, and do not wish to come under such an agreement, preferring to bill individually, the Committee amendment permits reimbursement under the supplementary plan B. The Committee amendment does not take sides as to what kind of arrangement the specialists may or should work out with the hospitals.

The present amendment to the Committee amendment was suggested by the Senator from New York [Mr. JAVITS]. Officials of the Illinois Medical Society and, I believe, of one or two of the specialty boards have also suggested similar language. I join him in offering it, because although I do not believe it is necessary, it will make it crystal clear that the purpose is not automatically to put all specialists services under plan A, but to guarantee freedom of choice to the doctors and hospitals without Federal interference.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. JAVITS. The principal element involved is as follows: If Senators will refer back to a few lines preceding; namely, page 78, lines 19 through 23, they will find that that is what is intended. In my judgment the language which we have now inserted could have been, without the insertion, construed that way. We so argued in opposition to the amendment of the Senator from Kentucky [Mr. COOPER] a while ago.

But in order to make it crystal clear that the Federal plan would be neutral, I have transposed the words appearing on page 78, in lines 20 and 21, "under arrangements with them made by the hospital," and repeat them at this point, as the amendment offered by the Senator from Illinois and me does. Then it becomes crystal clear that that is the purpose and intention, and that it will not be necessary to construe the language in that way; the text will actually say it.

Mr. DOUGLAS. I thank the Senator from New York. He has been most helpful, and, of course, he is a sponsor of the amendment adopted in committee.

I thank the Senator from Kentucky for the able discussion which he carried on. He enabled us to clarify this point at least largely in the direction he wished, although not wholly so.

Mr. ALLOTT. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. ALLOTT. This raises a question which has bothered some of us, including the Senator from Iowa [Mr. HICKENLOOPER], yesterday. Colorado has what is known as a Medical Services Act, which is somewhat vague in this area, except that a plan of operation has been developed by which specialists, such as anesthetists, bill their patients individually, and then they pay the hospitals a rental fee for space they occupy and facilities which they use.

I wish to ask the Senator from Illinois—because it is most important—whether this proposal would interfere with that arrangement, which has been quite satisfactory both to hospitals and specialist doctors in Colorado, either under plan A or plan B.

Mr. DOUGLAS. The answer is that the committee amendment would not. It would protect the freedom of hospitals and medical specialists to make agreements either to have billing through the hospitals or billing by the doctors and still have the services covered under either plan A or plan B.

The question raised by the senior Senator from Iowa [Mr. HICKENLOOPER] was also answered this afternoon by the junior Senator from Iowa [Mr. MILLER]. Iowa has a law which, I understand, is also neutral on the subject, and permits either type of billing. The fact is that the committee amendment, reinforced by the pending amendment, would restore to Iowa doctors and hospitals their free choice in this; whereas, if we were to adopt the House plan in these cases, coverage of these services would be permitted only under plan B and what I understand to be the prevailing arrangements in Iowa—namely, billing through the hospital—might well have to be renegotiated to provide the separate billing essential to coverage under plan B.

Mr. ALLOTT. It is my understanding that perhaps the Iowa statute is more definite than Colorado's. But under the Colorado statute, a plan has been worked out very well, apparently to the satisfaction of the hospital and of the doctors. I wanted to have the legislative record clear that under the provisions of the bill as it now stands, it is not intended to disrupt in any manner or to change the plan of operation which has been adopted out in Colorado.

Mr. DOUGLAS. That is correct; unless by joint agreement of the doctors and a given hosiptal, a different arrangement is reached. But that would have to be by joint agreement.

Mr. ALLOTT. If a joint agreement has been reached, that is a different matter. I wish to be certain that this provision would not disrupt an arrangement which has been perfectly satisfactory, I am sure, to patients, doctors, and hospitals.

Mr. DOUGLAS. That is correct. If in Colorado there are hospitals which bill directly and then compensate the medical specialists, for example, on a salary or a percentage basis, the com-

mittee amendment would not interfere in such arrangements. But the House provision would do so.

Mr. ALLOTT. I understand that. I do not believe that is the situation in Colorado; I merely wished assurances that this provision would not disrupt an agreement that is working well.

Mr. DOUGLAS. I am glad to make the statement that it would not. Similarly, wholly independent practice would not be interfered with by the Finance Committee amendment.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. ANDERSON. The same answer could be given to the Senator from Colorado that I gave to the Senator from Iowa [Mr. HICKENLOOPER] last night; that is, that the question was presented to the Social Security Board representatives and the representatives of the Department of Health, Education, and Welfare. The answer, very clearly, was that it would not require any change in the law with respect to contracts entered into in pursuance thereof. I believe that would give the Senator from Colorado the assurance he seeks that contracts would not be interefered with by the bill.

Mr. DOUGLAS. Mr. President, in a long speech during the debate earlier this afternoon on the Cooper amendment to strike the committee amendment relating to medical specialists, I quoted the full text of letters from the General Counsel of the Department of Health, Education, and Welfare which give assurances that the committee amendment is neutral in this matter. However, we can further back this up in the legislation itself, since some Senators desire such assurance.

Mr. ALLOTT. Mr. President, I am highly appreciative of that statement. While I heard the colloquy between the distinguished Senator from Iowa [Mr. HICKENLOOPER] and the distinguished Senator from New Mexico [Mr. ANDERSON] last evening, I did not at that time have available to me the language of the Colorado statute, which is somewhat vague and leaves it up to the doctors and the hospitals to agree upon an arrangement.

Mr. DOUGLAS. That freedom would be continued.

Mr. ALLOTT. They have arrived at an arrangement which has been in effect for approximately 15 years. I am happy to have the assurance that it will not be disrupted.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MILLER. I have one question to ask which has not yet been covered. We have been talking about the terms that are in effect at the present time. There is no provision in the bill which would prevent a change in existing contracts or the issuance of new contracts.

Mr. DOUGLAS. That is correct.

Mr. MILLER. If a new hospital is built and new contracts are entered into, or not entered into, by doctors, the bill is neutral.

Mr. DOUGLAS. That is correct. There would have to be a voluntary agreement between the hospital and the doctors. There would be no blanketing in of medical specialists against their will. Does the Senator agree with that interpretation?

Mr. MILLER. I agree with the interpretation. That point has been made abundantly clear on the floor. My only point is that in talking about the present contracts, we are not implying that future contracts cannot be entered into or that they may operate without a contract.

Mr. DOUGLAS. I want to make it clear that existing contracts may be modified by joint agreement if not contrary to State law.

Mr. MILLER. That is correct.

Mr. DOUGLAS. Mr. President, I yield back the remainder of my time.

Mr. LAUSCHE. Mr. President, who is in charge of time for the opposition?

Mr. SMATHERS. Mr. President, I shall be glad to yield time to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I should like to ask a few questions about the ultimate outcome of the bill. I shall not take very long.

The pending bill is now in the amount of $7,487 million.

Mr. MILLER. Mr. President, will the Senator yield at that point?

Mr. LAUSCHE. Mr. President, I ask that I be permitted to receive an answer to my question.

Mr. DOUGLAS. Mr. President, would the Senator be willing to withhold his present comments until the pending question can be cleared up?

Mr. LAUSCHE. No. I shall not have the time later.

I have added up the items given to me by the staff expert. The President's program envisioned a cost of $4,733 million.

Mr. SMATHERS. The Senator is approximately correct.

Mr. LAUSCHE. And the bill as it now stands contemplates the expenditure of $7,487 million.

Mr. SMATHERS. I believe the Senator is within range. That is approximately correct.

Mr. LAUSCHE. That would mean that we have escalated the President's recommendation by $2.7 billion.

Mr. SMATHERS. I believe the Senator is approximately correct.

Mr. LAUSCHE. Converting those amounts into percentages, it would mean that we have increased the President's recommendation by 61 percent.

Mr. SMATHERS. Again, the Senator is correct.

Mr. LAUSCHE. That leads one to the conclusion that the President said, "I am prepared to go along with the program for $4,733 million." However, the committees of Congress and Congress itself raised that amount by $2.754 billion, or 61 percent over the amount recommended by the President.

Mr. SMATHERS. I have an amendment here which I expect to offer on behalf of the committee, after we have concluded all other amendments. That amendment would increase the tax on payrolls so that the tax fund would be adequately financed.

Mr. LAUSCHE. That does not answer my question. We have raised the cost of the program by $2.754 billion. Translated into percentage figures, that would be an increase of 61 percent.

Mr. SMATHERS. The Senator is correct.

Mr. LAUSCHE. The Senator states that he has an amendment to offer which would increase the tax in an amount sufficient to finance the increased amount of $2.754 billion?

Mr. SMATHERS. The amendment would provide for raising the tax to see that we can finance the trust fund out of the tax, so that there would be no deficit in the trust fund.

Certain amendments have been agreed to which would take some funds out of the general revenue. That amount would have to be made up later by taxes which this body would, I presume, vote for.

Mr. LAUSCHE. In summary, that would mean that, either by increased tax upon the workers and the employers, or by the authorization of the expenditure of funds from the general fund, there would have to be provided $2,754 billion which the President did not request.

Mr. SMATHERS. The Senator is correct.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. MANSFIELD. Mr. President, is it not true that this matter would go to conference and the final figures would be determined by the conferees from the House and the Senate? The final figures might be well below what is finally approved in the Senate today.

Mr. SMATHERS. The Senator is correct.

Mr. LAUSCHE. Mr. President, will the conferees fight in the conference to bring the figure down to $4,733 million?

Mr. SMATHERS. I would have to say to the able Senator from Ohio that our first duty is to represent the views of the Senate.

Mr. MANSFIELD. Mr. President, so far as the leadership is concerned, it has every confidence in the conferees.

Mr. DOUGLAS. Mr. President, is it not true that some of the increases in cost have been placed in the bill by those who, in the past, have been opposed to health care for the aged under social security? Some voted for recommittal. On the final vote, some will undoubtedly vote against the bill.

The bill has been loaded with costs by many opponents of the bill. Sometimes I believe that it has been loaded intentionally in order to defeat the measure.

Let us be done with hypocrisy in this matter.

Mr. LAUSCHE. Mr. President, can the Senator point out one instance in which the Senator from Ohio has acted inconsistently?

Mr. DOUGLAS. I believe that the Senator from Ohio is relatively consistent—not always, but relatively consistent.

Mr. LAUSCHE. With respect to this measure, can the Senator from Illinois point out one instance in which I did not vote to cut the expenditures?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SMATHERS. I yield as much time as is necessary.

Mr. DOUGLAS. Mr. President, I believe that the Senator from Ohio has a very good character. I am not attacking his character. However, let it be known that a large part of the increased cost in the pending measure has been occasioned by those who have never believed in medicare, who still do not believe in medicare, but who thought they could pad the figures and then talk about what they tried to get for the blind, for the old, and for the aged groups, and then vote against the measure or for recommittal. They would thus be able to go to special interest groups and ask for their support, and then ask for support for those who are opposed to the measure itself.

This is no personal charge against the Senator from Ohio. He is an honest man.

I believe that the general rollcalls will reveal that what I have said is true. I merely say let us be done with hypocrisy.

Mr. LAUSCHE. Mr. President, the Senator has not answered my question.

Mr. DOUGLAS. I will give the Senator absolution. [Laughter.]

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield me a half minute?

Mr. SMATHERS. Mr. President, I yield a half minute to the distinguished Senator from Ohio.

The PRESIDING OFFICER. The distinguished Senator from Ohio is recognized for one-half minute.

Mr. LAUSCHE. Mr. President, I have been puzzled over why votes have been passed to increase the expenditures. I have not joined them.

Mr. SMATHERS. Mr. President, I yield back the remainder of my time.

Mr. KUCHEL. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

The amendment was agreed to.

Mr. MILLER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, on behalf of the Senator from Louisiana [Mr. LONG] and myself, I call up my amendments which I have at the desk, providing for extended hospital care, and ask unanimous consent that the reading of the amendments be dispensed with and that they be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. HARTKE are as follows:

On page 17, lines 15 and 16, strike out "for up to 120 days during any spell of illness".

On page 18, strike out lines 5 through 9.

On page 18, line 10, strike out "(2)" and insert "(1)".

On page 18, line 14, strike out "(3)" and insert "(2)".

On page 19, strike out lines 8 through 15.

On page 19, line 16, strike out "(d)" and insert "(c)".

On page 20, line 3, strike out "(e)" and insert "(d)".

On page 20, lines 3 and 4, strike out "(b), (c), and (d), inpatient" and insert "(b) and (c), inpatient psychiatric".

On page 20, line 10, strike out "(f)" and insert "(e)".

On page 21, line 3, strike out "(before the 121st day)".

On page 36, line 2, insert "(1)" after "(a)".

On page 36, line 13, strike out "(1)" and insert "(A)".

On page 36, line 24, strike out "(2)" and insert "(B)".

On page 37, between lines 19 and 20, insert the following:

"(2) In addition to the amounts that are appropriated (under the provisions of paragraph (1)) to the Trust Fund, there are authorized to be appropriated to the Trust Fund from time to time such sums as the Secretary deems necessary for any fiscal year in order to place such Trust Fund in the same position at the end of such fiscal year in which it would have been if payment under part A for inpatient hospital services (including inpatient psychiatric hospital services and tuberculosis hospital services) furnished an individual during a spell of illness could not be made after such services had been furnished him for 60 days during such spell".

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. HARTKE. Three minutes. I shall not take very long.

When the House of Representatives passed the medicare bill, it provided for 60-day hospitalization, out of which $40 was to be paid by the patient. When this matter reached the Finance Committee, the assistant majority leader, the Senator from Louisiana [Mr. LONG], attempted to include long-term illness coverage. That amendment was first adopted in the committee, and then defeated.

Following that, I offered an amendment in the committee, which was adopted, and which provided for extension of 30 days above that provided by the House figure of 60 days, on the basis of sharing the cost, whereby $10 would be paid by the patient and the rest covered by the administration under the social security program.

The amendment I am offering today does nothing more than eliminate the 60-day limitation. In other words, if the amendment is adopted, there would be coverage for a hospital stay of 60 days, with a $40 deductible. Thereafter, the patient could stay in the hospital for such time as the doctor and the reviewing committee of the hospital deemed necessary, with a sharing of the cost by the patient on the basis of $10 a day.

This amendment really covers long-term illness, which I call catastrophic illness. I understand that the Senator from New Mexico [Mr. ANDERSON], author of the bill, has a different term for it. It is really a catastrophe if a person has to be in the hospital 120 days and then is forced to leave the hospital, no matter what his complaint is. There is no greater horror that anyone can think of than to know that he may be in the hospital and know that his coverage may not extend to the period when he has to stay in the hospital for 6 months to a year, for example.

This amendment maintains the dignity of the social security system. It is not a charitable approach.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HARTKE. I yield myself 2 additional minutes.

Mr. President, the problem arises from the fact of lengthened life as a result of medical research and achievements. As a result, there is much trouble concerning the necessity of people having to go to hospitals who have diseases that very often will terminate in the hospital. They have cancer, heart disease, and major diseases of that kind.

That is something which scares not alone the aged, but younger people, too. If we do not adopt the amendment we shall be back in a short time to put this provision on the books. I am sure failure of the Congress to enact this provision would come back to plague us for breaking faith with the American people.

How many times have we said in advocating medicare—and I may say, for the benefit of the Senator from Illinois [Mr. DOUGLAS], that I am going to vote for the bill—"We do not intend to kick you out on the street. We are going to see you through?" In other words, we have said they are not going to become forgotten people.

Ninety-nine percent of the people are covered under the bill. The amendment would cover the 1 percent who have waited so long to be covered. They are the ones who should be covered by the bill in order to have a program which is progressive, necessary, and dignified. They are the ones who need this protection. We can give it to them today. In the words of President Johnson, we do not want to leave the chill of an empty purse on any aged person after he is in the hospital.

I think the amendment makes commonsense and that the Senate should adopt the amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. HOLLAND. Has the Senator any estimate of the cost involved by adoption of the amendment?

Mr. HARTKE. Yes. It is a very inexpensive provision. It would cost about $40 million—less than the cost of one atomic submarine, less than the cost of military storage in the United States, less than the cost of five motor gunboats being used in Vietnam.

I have had a check made in local hospitals as to the number of such cases involved. In one hospital in a 3-month period there were only 13 such cases involved and 91 cases discharged.

The number is small, but the effect is large. This is the real heart, and the real purpose, of a program that we have called medicare. The fear of long-term

illness causes stark terror in people, not alone the aged, but the young as well.

Mr. SMATHERS. Mr. President, I yield myself such time as I may need to reply, but I hope not more than 3 minutes.

I am personally opposed to the amendment. A number of members of the Finance Committee are also opposed to the amendment. However, we recognize that there is strong sentiment in the Senate for the amendment.

Actually, as the able Senator from Indiana has said, it involves only $40 million. That does not seem like a large sum of money at this time.

The amendment is a modified version of the Ribicoff amendment, which was defeated by 4 votes. The amendment is a distinct improvement in that it continues to have the coinsurance feature, which is desirable, although it takes off the limit of the time in which a patient may stay in the hospital.

As temporary manager of the bill, I am prepared, after checking with other members of the Finance Committee, to take the amendment to conference for consideration.

I yield back my time on the amendment.

Mr. HARTKE. I yield back my time.

The PRESIDING OFFICER. All time on the amendments has been yielded back.

The question is on agreeing to the amendments of the Senator from Indiana [Mr. HARTKE].

The amendments were agreed to.

AMENDMENT NO. 181

Mr. HARTKE. Mr. President, I call up my amendment No. 181.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. HARTKE is as follows:

On page 385, line 5, strike out "$330,000" and insert in lieu thereof "$500,000".

Mr. HARTKE. Mr. President, this is a very short amendment. It deals with a deficiency in the Virgin Islands because of an emergency in the old age pension program. It makes it possible to increase the amount from $330,000 to $500,000 to make sure that the program is carried forward. If the amendment is not adopted, some people will have to be dropped from the rolls.

Mr. SMATHERS. Mr. President, the Senator's amendment involves approximately $200,000 for the Virgin Islands. There is some doubt as to whether it is appropriate as an amendment to this bill, but, after consultation with members of the Finance Committee, we will accept the amendment.

Mr. KUCHEL. Mr. President, may I have 1 minute?

Mr. SMATHERS. I yield 1 minute to the Senator from California.

Mr. KUCHEL. As I heard the Senator from Indiana, the amendment applies to the Virgin Islands. Does any similar problem exist within any other territories under the jurisdiction of the United States?

Mr. HARTKE. No; this is a peculiar problem. They do not have sufficient funds. It is a special situation which exists with respect to those islands.

Mr. KUCHEL. I thank the Senator.

Mr. HARTKE. I yield back the remainder of my time.

Mr. SMATHERS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on the amendment of the Senator from Indiana. [Putting the question.] The "yeas" seem to have it.

Mr. JAVITS. Mr. President, will the Senator yield me 1 minute?

Mr. SMATHERS. I yield 1 minute to the Senator from New York.

The PRESIDING OFFICER. The Chair is in doubt as to how Senators voted on the last amendment. The Chair will request a division.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the question be put once again.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was rejected.

Mr. JAVITS. Mr. President——

The PRESIDING OFFICER (Mr. MCINTIRE in the chair). Does the Senator from Florida yield to the Senator from New York?

Mr. SMATHERS. I am glad to yield to the Senator from New York, and yield him 1 minute for the purpose.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. JAVITS. The question has arisen and I direct the attention of the Senator to page 72 of the bill, line 15, subdivision (f), which relates to the kind of carriers who may be contracted with in respect to services rendered under the supplementary part of the bill, part B.

My question is this: Will the carriers be included under this definition who are consumer-oriented group health plans or will it be confined only to those who are primarily staff and representatives of the medical profession? I refer specifically to carriers of such group health——

The PRESIDING OFFICER. The Chair informs the Senate that no amendment is pending. Who yields time?

Mr. SMATHERS. Mr. President, I have yielded time on the bill to the Senator from New York of 1 minute.

The PRESIDING OFFICER. The Senator from New York may proceed.

Mr. JAVITS. I refer specifically to the group health insurance in New York State. Will such carriers of this kind be allowed to participate in the administration of the program? I refer specifically to the words on lines 2, 3, and 4, of the bill, on page 73 of the bill, "with respect to providers of services only, any agency or organization" undertaking membership agreements or subscription contracts or similar group arrangements.

Mr. SMATHERS. Yes. I am advised by my staff that there is a broad interpretation, and the Senator's implication in his question is correct.

Mr. JAVITS. I thank the Senator from Florida. Will the Senator yield me 30 seconds more to call attention to——

Mr. HICKENLOOPER. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. HICKENLOOPER. I have been sitting in the rear of the Chamber and I have not heard a word that is going on. I do not know what is being discussed. The soliloquy in the well of the Senate does not resound very well back here. I hope that we could find out what is going on and what is being proposed.

The PRESIDING OFFICER. The Senator's position is well taken. The Senate will please be in order. Senators will please take their seats.

Mr. SMATHERS. Mr. President, I yield 1 minute to the Senator from New York from the time available on the bill.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. JAVITS. Mr. President, I invite attention to the fact that the basis for part B of the bill was developed in an oustanding work of public service by the National Committee on Health Care of the Aged, headed by Arthur Flemming and a most distinguished membership, including the former Secretary of HEW, Marion Folsom, distinguished businessmen, deans of medical schools, doctors, and others. This work was financed voluntarily and has made such an extraordinary contribution to this final bill.

This report was present at the White House to President Kennedy in November 1963, not too long before the tragedy which overtook him and the Nation. He received it and commented most favorably.

This report certified and consolidated the total effort of Republicans since 1949 when the first bill was offered by me with certain of my colleagues in the House of Representatives and through the Anderson-Gore-Javits bill which passed the Senate last year.

This concept of voluntary health coverage with the aid of private sector carriers to give physicians and other services making this truly a full health care (other than as to drugs) bill can justly be claimed as the contribution which makes the pending measure truly bipartisan. Such a concept was never in the King-Anderson or other administration bills until together with those of my Republican colleagues who joined in it, it was accepted by Senator ANDERSON and then by Senator GORE and is now an established and accepted essential part of the plan of health care for the aging incorporated in this bill.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a list of the members of the committee, the contributors to the committee, and excerpts from the report delivered to President Kennedy approximately 10 days before the terrible tragedy.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL COMMITTEE ON HEALTH CARE OF THE AGED

Arthur S. Flemming, Chairman, president, University of Oregon.

Russell Nelson, M.D., Vice Chairman, president, Johns Hopkins Hospital.

James Dixon, M.D., president, Antioch College.

Marion B. Folsom, director and former treasurer Eastman Kodak Co.

Arthur Larson, Ph. D., director, World Rule of Law Center, Duke University.

Russel V. Lee, M.D., founder, Palo Alto Clinic.

John C. Leslie, chairman, Committee on Aging, Community Service Society of New York.

Winslow Carlton, Secretary of the Board, chairman, Group Health Insurance, Inc.

Vernon W. Lippard, M.D., dean, Yale Medical School.

Dickinson W. Richards, M.D., Lambert professor of medicine emeritus, College of Physicians and Surgeons, Columbia University.

Thomas M. Tierney, director, Colorado Hospital Service.

Hubert W. Yount, former executive vice president, Liberty Mutual Insurance Companies.

Howard L. Bost, Ph. D., study director.

Prof. Henry H. Foster, Jr., legal consultant.

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EXCERPTS FROM COMMITTEE REPORT

The central purpose of an American solution to the problem of financing the health care of present and future generations of the aged must be to encourage and protect the independence and dignity of the individual. In its basic approach to this problem, our Nation must aim at preventing dependency as a concomitant of the deterioration of health in the declining years of life.

This requires a shift in public policy from placing major reliance upon charity and welfare assistance measures to placing emphasis upon the development within the Nation of health insurance for the aged. Public assistance programs present the prospect of great increases in requirements for public funds without accomplishing the objective of preserving the independence of elderly people or of reducing the economic hazard of illness as a threat to their independence. By their nature, such programs, including the Kerr-Mills program, deal with dependency after it occurs; health insurance, by reducing the cost which must be met at the time of illness to a level that is manageable, can prevent dependency and encourage self-reliance.

Clearly, the solution required in America today and for the future lies in actions which will achieve the health insurance coverage called for by the risk of illness in old age.

To accomplish the necessary development of health insurance for the aged, the committee proposes a dual public-private program, consisting of separate and distinct plans in the respective sectors of the economy. These plans are equally essential and should be complementary. Together they should provide balanced and effective basic protection covering roughly two-thirds of the aggregate health care costs incurred by the aged, leaving the remaining costs to be met by the individual on an out-of-pocket basis or through supplementary private insurance.

The public plan, in the committee's view, should utilize the principle of contributory social insurance to cover all persons 65 years of age and over, with payments collected during the working years of all employed and self-employed persons. The most appropriate area of protection to be provided by the public plan is institutional care, which is the most frequent cause of financial shock-loss to the aged. The extent of this protection under the proposed plan would represent approximately one-third of the aggregate health care costs of the aged.

Another third of these costs, the committee believes, should be the subject of special private insurance covering the largest noninstitutional costs that occur most frequently among the aged. Special efforts are called for in order to bring the cost of such basic, complementary private coverage within reach of most of the aged, to whom the most economical and efficient forms of insurance are not ordinarily available. The committee sees a need for congressional action to permit insurance organizations to join together in concerted efforts to provide low-cost protection on a mass enrollment basis.

These components of the proposed dual program for the aged are both mutually reinforcing and mutually dependent. The committee urges that one aspect not be considered out of the context of the other; rather, they should be considered together. To this end, the committee recommends the establishment of a National Council on Health Care of the Aged, which would keep both the public and private components of the program under continuing review.

Under the proposed program, the health services that are to be financed will be obtained and rendered within the American system of medical care, the same system which serves the general population of the Nation. The financing of health care costs by the program will be supportive of the patient-physician relationship requisite for good medical care. The program will strengthen the economic base supporting the operation and improvement of the health care establishment throughout the Nation, helping to stimulate expansion of needed health care resources to serve all groups.

To provide guidelines for developing health insurance for the aged under broad national policy, the committee has formulated a number of principles. These are set forth below and are discussed in the sections of the report which follow. We believe that through combined public and private action embodying these principles, a solution to the problem of financing the health care of the aged will be attainable in a way that is compatible with, and in fact will strengthen and reinforce American traditions and values.

GUIDING PRINCIPLES FOR PUBLIC INSURANCE

1. A long-range public plan should be established, based on the principle of contributory insurance and calling for all employed and self-employed persons to participate during their working years, so that upon reaching age 65 all will have the protection provided under the plan without further payment.

2. The long-range public plan should be self-financed by a separately designated payroll tax, collected as a part of the social security tax and equally shared by employees and their employers (or paid by the self-employed), with the benefit level under the plan tied to the proceeds from this source. Contributions should be placed in a special trust fund committed to provide stipulated benefits after age 65 to those under the plan.

3. The extent of health insurance protection provided by the public plan should be designed to offset substantially the abnormal burden resulting from greater use and higher cost of health services required in old age, so as to give the aged a fair chance of maintaining their independence and providing for themselves.

4. The public plan should be designed to encourage and facilitate coverage of the aged under private health insurance for additional protection. It is essential that health insurance coverage provided under the public and private plans be complementary and that the roles of the public and private sectors in providing protection be mutually reinforcing.

5. The benefit structure of the public insurance plan should be focused upon health services, the cost of which tends to have the greatest and sharpest impact, rather than upon services involving routine costs or costs which tend to fall in a less concentrated fashion.

6. The public insurance plan for the aged should fit into the current system of health facilities and medical care in the Nation, with maximum free choice among providers of services, and it should contribute to the improvement and expansion of needed health resources in the communities of the Nation.

7. A fundamental long-range objective of the public insurance plan for the aged should be progressive improvement in the quality of the services financed through the plan.

8. Responsibility for the administration of the public insurance plan for the aged should be assigned to the Secretary of Health, Education, and Welfare, with the assistance of an Advisory Council on Health Insurance for the Aged. In administering the plan, the Secretary should be authorized to contract for services of voluntary organizations and required to invite proposals from such organizations for consideration. Direct administration of benefits should be undertaken by the Federal agency only if proposals from voluntary agencies are not adequate.

GUIDING PRINCIPLES OF COMPLEMENTARY PRIVATE INSURANCE

1. As a corollary action to the establishment in the public sector of a plan for the aged limited to basic institutional services, national policy should assign to private insurance the complementary role of establishing protection to cover other health care requirements of aged persons.

2. Private health insurance should concentrate primarily on covering the major clusters of expense for physician care and other noninstitutional services, so that, together with the institutional care covered by the public plan, the aged will have a well-balanced package of basic protection.

3. Basic complementary protection under private insurance should be made available to all persons in the aged population without disqualifications, reductions in benefits, or increases in premiums because of advanced age or condition of health.

4. Private insurance organizations should devote intensive efforts to extending basic complementary protection to the aged population, with concentration on developing marketing methods designed to produce high volume, low-cost mass coverage.

5. Congress should take action which would make it possible for insurance companies and nonprofit health plans to join in concerted nationwide efforts to extend to the aged population basic protection, complementary to that established under the public insurance plan for the aged.

6. To increase the proportion of the aged covered in the future under complementary protection, private insurance organizations should develop methods for prepaying during the years of active employment the cost of health insurance in old age. Employed groups also should be encouraged to continue retirees under group insurance plans.

NATIONAL ADVISORY COUNCIL

A National Advisory Council on Health Insurance for the Aged should be created and charged with advising the Secretary in administering the public insurance plan for the aged and with making periodic reports to

the Congress through the President on the status, in both the private and public sectors, of implementation of national policy for health care of the aged.

Support for the work of the National Committee on Health Care of the Aged was provided by: the Albert A. List Foundation; the Kaplan Fund, Mr. Jack Kaplan, president; the Stern Foundation; Mr. John Hay Whitney; Mr. William Creasy; Senator JACOB K. JAVITS and others.

Mr. JAVITS. I thank the Senator from Florida for yielding to me.

Mr. ANDERSON. Mr. President, if the Senator will wait just a moment, let me say that as a member of the committee very much interested in this bill, we all appreciate greatly what the Senator from New York arranged. He did bring together Mr. Fleming and a great many other fine persons and they did a magnificent piece of work on this problem.

A member of my staff, through the courtesy of the Senator from New York, was permitted to sit in at the meetings at all times. The Senator from New York did a very fine job, and I wish to compliment him on it.

Mr. JAVITS. I thank the Senator from New Mexico for his kind comments.

AMENDMENT NO. 326

Mr. PROUTY. Mr. President——

Mr. COOPER. Mr. President——

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOPER. Mr. President, I call up my amendment No. 326 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. COOPER. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment (No. 326) offered by Mr. COOPER is as follows:

On page 184, between lines 2 and 3, insert the following:

"NOTICE CONCERNING BENEFITS PROVIDED UNDER TITLE XVIII OF SOCIAL SECURITY ACT

"SEC. 123. (a) The Secretary shall, not later than July 1, 1966, provide personal notice (containing the information and data prescribed under subsection (b)) to—

"(1) each individual who is expected (by reason of entitlement to, or application for, benefits) to be entitled to monthly insurance benefits for the month of June 1966 under the insurance program established by title II of the Social Security Act, and who will have attained age 65 on or before such month;

"(2) each individual who is expected (by reason of entitlement to, or application for, benefits) to be entitled to an annuity or pension under the Railroad Retirement Act of 1937 for the month of June 1966, and who will have attained age 65 on or before such month;

"(3) each individual whom the Secretary has reason to believe would be entitled to the benefits provided by part A of title XVIII of the Social Security Act by reason of the provisions of section 103 of the Social Security Amendments of 1965, if the Secretary (A) knows the name and address of such individual, and (B) has occasion (without regard to this section) to send any other notice or correspondence to such individual.

"(b) The notice referred to in subsection (a) shall contain (1) a separate description of the benefits provided under part A of title XVIII of the Social Security Act, examples of types of health care which are not provided by such part A, and information as to the class of persons eligible to qualify for such benefits, as well as the procedure to be followed to apply for such benefits, (2) a separate description of the benefits provided under part B of such title XVIII, examples of the types of health care which are not provided by such part B, and information as to the class of persons eligible to qualify for such benefits, the conditions and limitations imposed upon the receipt of such benefits, and the procedure to be followed in applying for such benefits, and (3) advice to the individual that he should make arrangements through other insurance programs or otherwise to protect himself against health care costs which are not covered by part A or B of such title XVIII, or both such part A and part B.

"(c) In addition to the personal notices required to be sent under subsections (a) and (b), the Secretary shall utilize to the fullest extent feasible other media of communications to apprise the public of the information and data required to be contained in the notice described in subsection (b).

"(d) The Secretary shall also furnish a personal notice (containing the information and data prescribed under subsection (b)) to each individual who after June 1966 becomes entitled to monthly insurance benefits under title II of the Social Security Act and who has, at the time he becomes so entitled, attained age 65, or will attain such age within one year thereafter.

"(e) The Railroad Retirement Board shall furnish to the Secretary such information as it may possess and which may be necessary or useful to enable the Secretary to carry out the provisions of subsection (a) (2). Such Board also shall furnish to each individual who becomes entitled to an annuity or pension under the Railroad Retirement Act of 1937 after June 1966 and who, at the time he becomes so entitled, has attained age 65 (or will attain such age within one year thereafter) a personal notice containing the information and data prescribed in subsection (b)."

Mr. COOPER. Mr. President, this is not a substantive amendment. It would merely direct the Secretary of HEW to take all practical measures to notify those who will be scheduled beneficiaries under the program of changes in the program.

I know that there are many offices of information under the Social Security Administration which will undertake this task. There are some 600 divisions or sections in that office. We all know that with the vast changes in the program, it will be a necessary task to advise the present beneficiaries and the scheduled beneficiaries of the changes in the act which will apply to them.

I am sure that the Social Security Office will undertake to do this, but this would give them congressional direction to make special efforts to disseminate the information.

I believe that all of us have known, in receiving correspondence from our constituents, that there are many beneficiaries of the social security system who do not understand or who have not been informed as to the changes which will affect them.

Mr. MILLER. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I am glad to yield to the Senator from Iowa.

Mr. MILLER. I believe that the amendment offered by the Senator from Kentucky is a constructive amendment, but I should like to ask him whether he would modify the amendment to require a notice to be sent to all taxpayers, not only recipients of social security, as to how much is being withheld from their paychecks, and why. Many people will find a reduction in their paychecks as a result of the payroll tax increase, and I believe that they should be apprised of that so that they will know what has happened.

I believe that if the Senator would do this, it would improve his amendment and would give a complete picture of what has taken place as a result of congressional action.

Mr. COOPER. I am sure that that information will come to them very quickly. They are bound to know that promptly.

I am certain that the beneficiaries will quickly learn about this program and how it will affect them.

Mr. MILLER. The only thing the taxpayer will see will be the reduction in his paycheck, and he will wonder why.

Mr. SMATHERS. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield.

Mr. SMATHERS. I am informed that the W–2 form, and other forms, contain a provision now which shows where and for what purpose the money has been deducted, when they pay their tax.

Mr. MILLER. The W–2 form shows the amount of Federal Insurance Contributions Act contribution, but they get that at the end of the year. What the Senator from Kentucky is trying to do is to let people know at an early date exactly what they can expect to receive under the bill. The American people should know what they are paying for.

Mr. COOPER. I do not have the amendment available at this moment, but I shall be glad to incorporate it.

Mr. MILLER. I can incorporate it quickly.

Mr. SMATHERS. We are prepared to accept the amendment of the able Senator from Kentucky, if it is not further complicated, because obviously what the amendment would provide is what the Secretary of HEW would do anyway; namely, to notify the people who are the beneficiaries of the social security program, or who may be qualified under other programs, as to what the law now is and what they can expect. Therefore, I believe it is a worthwhile amendment.

Let me say to the Senator from Iowa that page 138 of the bill, line 12, section 107, states as follows:

SEC. 107. Section 6051(c) of the Internal Revenue Code of 1954 (relating to additional requirements) is amended by adding at the end thereof the following new sentence: "The statements required under this section shall also show the proportion of the total amount withheld as tax under section 3101 which is for financing the cost of hospital insurance benefits under part A of title XVIII of the Social Security Act."

Thus, it is in the bill.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. MILLER. When is this information to be furnished the employee?

Mr. SMATHERS. On the W-2 form.

Mr. MILLER. But that comes at the end of the year.

Mr. SMATHERS. I presume that it does come at the end of the year.

Mr. MILLER. Would it not be better to let them have the information as soon as possible? I am not proposing that they be told every time they receive their paycheck. I am suggesting that at the time the program goes into effect, when their paycheck is first reduced, they receive a notice as to why, instead of making them wait until the end of the year to find out.

Mr. SMATHERS. I share the sentiments expressed by the Senator from Kentucky [Mr. COOPER] that they are going to find this out very quickly. I would hope that the Senator from Iowa would not pursue his amendment to the amendment, because we are prepared to take the amendment of the Senator from Kentucky.

Mr. President, I yield back the remainder of my time.

Mr. COOPER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky (No. 326).

The amendment was agreed to.

Mr. PROUTY. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 87 at line 1, strike all following the parenthesis through line 4, and insert in lieu thereof the following: "licensed pursuant to State law or approved by an agency of any State responsible for licensing institutions primarily engaged in providing to inpatients (A) skilled nursing care and related services, or (B) rehabilitation services for the rehabilitation of injured, disabled, or sick persons, as meeting the standards established for such licensing, or which—".

On page 88, beginning at line 9, strike all through line 15.

Renumber "(10)" as "(9)".

Mr. PROUTY. Mr. President, I have been much concerned lest there be a discrepancy in that portion of the medical care title of the bill which relates to nursing homes qualified to participate.

I think it is only fair to say that the effect of the language beginning on page 86 of H.R. 6675 is to give a monopoly to large hospital-oriented nursing homes without regard to the very fine services furnished by others not big enough to meet the requirements of this bill.

In order for a nursing home to be eligible under this bill, it would have to have agreements with one or more hospitals for the transfer of patients. It would have to have in effect a utilization review plan which would closely tie its services to the hospitals. It would have to employ the services of numerous professionals over the larger part of the day. In other words, Mr. President, this bill requires the nursing homes to be large operations intimately tied to hospitals in their areas.

In many States it will be found that few of these nursing homes can qualify. For example, in the State of Vermont there are only two or three that could qualify under the provisions of this bill. In total they represent 155 beds. The other 189 nursing homes in all probability could not qualify, although they provide excellent nursing home care. So, of the some 45,000 people over age 65 in Vermont who may need nursing home care, only 155 beds may qualify for payment coverage if this bill is adopted as written.

My amendment would automatically qualify any nursing home licensed by a State to operate as a nursing home. Who is the better judge of whether a nursing home meets adequate and reasonable standards of safety and care? Clearly, the State agency which has the responsibility for overseeing the operations of the home. If we impose the very rigid standards of this bill, only 3 of 192 nursing homes in the entire State of Vermont would apparently be eligible for payments administered under this bill, and, undoubtedly, a similar situation would exist in many States.

Under my plan, the fact that a State has licensed any one of these nursing homes is prima facie evidence that the home is adequate to the needs of the patients. My amendment preserves the qualifications otherwise imposed by the Federal Government for those homes in States having no licensing laws.

We may be faced with the problem of building huge nursing homes or making it necessary for people to remain in hospitals much longer than otherwise would be necessary, or to transfer them long distances to hospitals and nursing homes in the large metropolitan areas.

This is something that we should consider seriously. I know that in the case of my State—and I certainly believe it is true in many other States also—the facilities are not available if the standards provided in the bill are adhered to.

Mr. COTTON. Mr. President, will the Senator yield me 2 minutes?

Mr. PROUTY. I yield 2 minutes to the Senator from New Hampshire.

Mr. COTTON. Mr. President, I have been waiting patiently for the distinguished Senator from Vermont to raise this point. I am looking forward with anticipation, and shall listen most carefully, to the statement that will undoubtedly be made by the distinguished Senator from Connecticut.

This is a point which concerns me deeply in regard to my own State of New Hampshire. While I was a member of the Special Committee on the Aging, I discovered—it was only about 4 or 5 years ago—that not one nursing home in my State was qualified under the criteria which apparently prevail in the bill.

I also discovered—that situation may not be entirely true—this afternoon, when I spoke with the Department of Health, Education, and Welfare, that, so far as they knew, no nursing home at this time in the State of New Hampshire is qualified.

Furthermore, I discovered, that a hospital would absolutely, and did absolutely, refuse to take any responsibility for nursing homes or clinics or medical centers that are located 1 foot away from the site of the hospital, because of the responsibility involved and the possibility of damage suits resulting from malpractice or some other occurrence that may take place in a nursing home or in a medical center or in a clinic not under the direct control of the hospital.

Unless there is some very strong explanation or reassurance, I hope the amendment of the Senator from Vermont will prevail. Otherwise, there would be nothing in my State, for example, to furnish nursing home care for these elderly people.

Mr. RIBICOFF. Mr. President, I have had an extended discussion with the Senator from Vermont. I can well understand his concern and the concern of the distinguished Senator from New Hampshire. If we look at the sections of the bill that the Senator was looking at, there is reason for concern, because of the partially settled nature surrounding many small towns, and the far distances that they are from organized hospitals.

However, if the Senator from Vermont and the Senator from New Hampshire will turn to page 92 of the bill, they will find another provision in which the Committee on Finance took into account the problem with which they are concerned. At page 92, beginning at line 4, there appears this language:

> Any extended care facility which does not have such an agreement in effect, but which is found by a State agency (of the State in which such facility is situated) with which an agreement under section 1864 is in effect (or, in the case of a State in which no such agency has an agreement under section 1864, by the Secretary) to have attempted in good faith to enter into such an agreement with a hospital sufficiently close to the facility to make feasible the transfer between them of patients and the information referred to in paragraph (2), shall be considered to have such an agreement in effect if and for so long as such agency (or the Secretary, as the case may be) finds that to do so is in the public interest and essential to assuring extended care services for persons in the community who are eligible for payments with respect to such services under this title.

Considering the State of Vermont and the State of New Hampshire, with which I am well acquainted, very few hospitals are located in the major cities. However, there are many small communities and small towns which are perhaps 25 or 30 miles distant from a hospital. Yet these small towns have nursing homes. Under those circumstances, the hospital could enter into an agreement with a nursing home, even though it is not adjacent or close by.

Let us say that a hospital refuses to do so, because it is inconvenient to have supervisors travel 30 or 40 miles to small towns where the nursing home is located, if the State of Vermont or the State of New Hampshire, or a health department or a department of hospitals, or a public

agency has supervisory facilities or it has licensed these homes, they could certify to the Secretary that this is a proper nursing home and that the nursing home should be the kind of facility that would be eligible to take patients under the provisions of the act.

If a State does not have an agency which supervises or licenses nursing homes, under those circumstances the Secretary of HEW would have the right to send into that State his own employees to certify that a nursing home was proper to provide extended care.

I understand the concern of the Senator from Vermont. I believe that without the amendment, in a colloquy on the floor of the Senate we can straighten out many of the questions that are in the mind of the Senator from Vermont, and for the RECORD we can establish a procedure under which the nursing homes and the people in sparsely connected communities would have the protection and coverage that they should have under the bill.

Mr. PROUTY. Mr. President, will the Senator permit me to ask a question?

Mr. RIBICOFF. I am pleased to have the Senator do so.

Mr. PROUTY. I wonder if the Senator could tell me if the word "community" on line 17, page 92, means the patient's community?

Mr. RIBICOFF. Will the Senator please repeat the question?

Mr. PROUTY. Does the word "community" as found on line 17, page 92, mean the patient's community?

Mr. RIBICOFF. I would assume that, without question, we are talking about the patient's community. It is not the intention, in formulating and writing the bill, to require patients to travel far from their homes.

Of course, in a situation in which a patient in a community might need hospital care that is not an emergency, naturally he would go near where the hospital was located. We talk about nursing homes, home care, or the services of a doctor. What I have in mind, and what the committee has in mind, is a community in which the patient resides or lives, or the nearest community to his home.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. PROUTY. Mr. President, before the Senator from New Hampshire engages in a colloquy with the Senator from Connecticut, I should like to say that I hope this point will be made very clear in the conference report.

Mr. RIBICOFF. I shall not be a conferee, but I hope that the conferees will so indicate. I have had a long and close contact with the bill, both as Secretary and as a member of the Committee on Finance. It was always our intention—because we recognized that many patients come from rural communities in which there is no hospital—that in these cases where perhaps a hospital did not want to be bothered with a nursing home 30 or 40 miles away the State could step in with its own inspection and licensing agency, and in the absence of a licensing agency the Secretary would then certify the nursing home.

Mr. PROUTY. I yield to the Senator from New Hampshire.

Mr. COTTON. In order to establish as well as we can and as briefly as we can the legislative history, which might be very important to the States which we represent, I should like to inquire of the distinguished Senator from Connecticut, who has had so much to do with guiding the bill, who has performed such constructive work in connection with it, and who has a background as former Secretary of the Department of Health, Education, and Welfare, his understanding of the meaning of the lines on page 92. I refer particularly to the words "hospital sufficiently close to the facility to make feasible the transfer between them of patients and the information." I ask the Senator if in his opinion that would mean a licensed nursing home in a town 25, 30, or perhaps even 40 miles away from the nearest hospital, where there is not a resident physician, but which would meet the criteria that the Senator anticipates would be laid down in case the hospital would not assume the responsibility.

Mr. RIBICOFF. It is my understanding and interpretation that when we talk about a resident physician, it is a physician who is available in accordance with the facts and the customs of the community. Naturally, in rural areas there might be a small hamlet without a doctor. It would be absolute nonsense and would be completely frustrating to the purposes of the act to say that under those circumstances there must be a doctor resident in the small hamlet. If it is the custom of that community to use a doctor in the region, be he 10, 15, or 25 miles away, but if that is the doctor who normally services the people of that community, I would say that it would satisfy the requirements of the act if the doctor were available on call in case of emergency to a nursing home, just as he would be on call to a person who might become suddenly ill in that community.

Mr. COTTON. Through the courtesy of the distinguished Senator from Alabama [Mr. HILL], and other Senators, including the Senator from Connecticut, we hope to have in my State a program to help us get resident doctors. The bill that I introduce was passed by the Senate, but it has not yet passed the other body.

There are communities in which a person who is ill must be taken 25 or 30 miles to the nearest hospital for real medical attention. In my opinion, however, those places have some very good nursing homes. It is not a question of convenience. The hospitals are extremely reluctant to assume responsibility, due to distance, by entering into agreements with them or in any way assuming the responsibility for what is done. However, the nursing homes are carefully inspected by the State.

I shall not take any more time, but is it the assurance of the distinguished Senator from Connecticut that it his understanding of the wording on page 92 of the bill that, in the absence of an agreement with a hospital, such nursing homes will be taken care of by proper criteria laid down by the Secretary of Health, Education, and Welfare?

Mr. RIBICOFF. Without a question of a doubt—and I would be shocked if the Secretary refused to certify the particular type of facility which the Senator has described. Should such an event take place, and the distinguished Senator from New Hampshire [Mr. COTTON] or the distinguished Senator from Vermont [Mr. PROUTY] called it to the attention of the Finance Committee and to my personal attention, I would be the first to come to the floor of the Senate and to the Finance Committee to make sure that that situation was remedied. But there is no question in my mind that we are all aware of the fact that in many rural communities throughout the Nation there is a dearth of doctors. We recognize that many communities are completely without a doctor. Certainly people in rural communities are covered by the bill as people in large urban areas are covered by the bill. We intend that everyone, no matter where he is living in the United States, should get the full benefit of the act. My understanding of the bill is that the communities indicated by the Senator from New Hampshire and the Senator from Vermont would definitely be protected and the people would be entitled to such benefits.

Mr. COTTON. I thank the distinguished Senator. I am somewhat reassured.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. PROUTY. Mr. President, I still have the floor. I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 5 minutes.

Mr. ALLOTT. Mr. President, will the Senator yield me 3 minutes?

Mr. PROUTY. I yield to the Senator from Colorado 3 minutes.

Mr. ALLOTT. I should like to have the attention of the distinguished Senator from Connecticut. I am not entirely satisfied with the answers he is giving to my friend, the distinguished Senator from New Hampshire. In the West there are areas in which we could geographically place some of the States of the East, as the Senator knows, in a few counties. In that respect, therefore, the problem of distance becomes very acute and very great.

The question I should like to ask the distinguished Senator is as follows: The Senator quoted from page 92, line 4, and there is reference to page 108, section 1864.

What I should like to have is the assurance that the provision will apply to any nursing home, to use the common term, which is certified by a State agency. In Colorado we have a very fine certification law, a licensing law, for nursing homes. What I wish to be assured of is whether they have a doctor in actual attendance or whether they are operating in conjunction with a hospital, those nursing homes will be recognized. They are up to high standards. I have inspected a great number of them. I do not wish to be caught on a technicality that someone has not complied with the

law, or that the Secretary of Health, Education, and Welfare has decided that this is not so. If we are going to pass the bill, I wish to be sure that those people are provided for.

Will the Senator assure me that the occupants of a nursing home in a State which has certified a nursing home and has licensed it will be treated like the occupants of any other nursing home anywhere else in the country?

Mr. RIBICOFF. I would have to say in all candor that not every nursing home licensed by a State would be covered; there is no question about that. A State, for example, may have low standards. Certainly it is not the intention to allow elderly persons who need nursing home care to be placed in firetraps. Many horrible tragedies have occurred in nursing homes throughout the United States.

Mr. ALLOTT. One occurred in the District of Columbia 2 or 3 years ago, and nothing has been done to correct such conditions.

Mr. RIBICOFF. They have occurred all over the United States. Therefore, it is our intention to maintain a high degree of quality and service. That is why we have a provision, as a general proposition, to have an association in connection with a hospital.

But there is a situation, as stated by the Senator from Vermont [Mr. PROUTY] and the Senator from New Hampshire [Mr. COTTON]. The provision on page 92, which I am speaking about, was placed in the bill by a Member of the House who comes from a district which has a situation similar to the one discussed by the Senator from Vermont and the Senator from New Hampshire. He is Representative ULLMAN, of Oregon. His district includes small communities, widely scattered, far away from hospitals.

If a State has low standards, I do not believe anyone would contend that elderly persons should be placed in firetraps. The question raised by the Senator from Vermont and the Senator from New Hampshire relates not merely to providing for a State-licensed facility; rather, the question is, what shall be done in a situation in which a hospital is so far away from a nursing home that it is unwilling to assume responsibility? So we have included language on page 92 to make an exception in such cases, to make certain that merely because a hospital does not wish to assume responsibility, the people of the district affected will not be closed out. However, I would not contend that nursing home facilities should be provided if a State is lax or if standards are so low that people would be placed in a firetrap. I think we are talking about two different problems, entirely.

Mr. ALLOTT. No; we are not talking about two different problems entirely. The Senator from Connecticut has used an extreme approach, a "scare" approach, and that is not necessary. No nursing home in Colorado is a firetrap.

Section 1864 provides no standards by which a determination could be made as to whether a nursing home is adequate; and that section refers to section 1861. I do not find whether it does. I am trying to ascertain whether the States are subject completely to the whim of the Secretary of Health, Education, and Welfare as to whether the nursing homes in the States will qualify.

Mr. RIBICOFF. I should say, first, that I have not implied that anything is wrong with any nursing home in Colorado. I was speaking of a general problem.

Mr. ALLOTT. I remind the distinguished Senator from Connecticut that 3 years ago a disastrous fire occurred in a nursing home on Calvert Street, in the District of Columbia.

Mr. RIBICOFF. We want to make certain that such a catastrophe will not happen again.

Mr. ALLOTT. I do not want it to happen again.

Mr. RIBICOFF. In making the legislative history, we are discussing not only Colorado, Vermont, and New Hampshire, but are speaking about all 50 States and the Territories.

If we turn to page 86 for a definition of extended care facilities, we find definitions to determine what an extended care facility is. That appears on page 86, beginning in line 24.

Mr. ALLOTT. The question I am trying to have answered is, Who will make the determination? According to the Senator's answer, as I understand, under section 1864 or section 1861, and the provision on page 92, it ultimately comes to a determination by the Secretary of Health, Education, and Welfare.

Mr. RIBICOFF. No.

Mr. ALLOTT. The Secretary would determine ultimately the standards for each facility.

Mr. RIBICOFF. No; that is not the case. I should say that the decision would be made, in the first instance, by the hospital in the community. The hospital in the community would enter into an agreement with the nursing home. If X hospital were located in Y town, the hospital would determine which nursing homes, in the opinion of the staff and the management of the hospital, it believed were properly conducted nursing homes. The hospital would make the determination.

However, a situation such as that described by the distinguished Senator from Vermont and the distinguished Senator from New Hampshire might be encountered. There might be instances in which the hospital were so far away from the nursing home facility that the hospital would be unwilling to assume either supervision, inspection, or association.

The PRESIDING OFFICER The time yielded to the Senator from Colorado has expired.

Mr. PROUTY. I yield 3 additional minutes to the Senator from Colorado.

Mr. RIBICOFF. It is necessary to take into account the problem that would be raised if a hospital were not interested in certifying a nursing home. Under those circumstances, the State would certify what is a proper nursing home, and would do so through its properly, duly constituted licensing authority.

We provide, further, that if a State has no such agency—and there are some States in that position—the Secretary shall certify. The action of the Secretary would come into play only after the hospital refused or was not interested, or if a State did not have an agency. Then only would the Secretary act to fill the void. The Secretary would not take part in the initial decision.

Mr. ALLOTT. The Senator is on the horns of a dilemma. In this instance, power is being delegated to an institution, which may be wholly private, to determine whether a nursing home shall be qualified as a nursing home. On page 108, beginning in line 22, the language reads:

To the extent that the Secretary finds it appropriate.

The decision is left entirely in the hands of the Secretary, without any guidelines, without any criteria. According to the Senator's argument, the determination is left in each instance to the local hospital. That does not happen to be true in my own hometown, but suppose there were a hospital in which there were antagonistic groups. Suppose the hospital authorities said, "We do not like that fellow; we will not certify that home." It seems to me that if anything is to be done, it ought to be up to the State agency to establish the criteria and determine whether nursing homes in the State qualify.

I believe that nursing homes should come under the program, just as much as any other institution; but I cannot believe that it should be left to a private hospital or a private physician to determine whether particular institutions qualify as nursing homes.

Mr. RIBICOFF. I am not on the horns of a dilemma at all.

Mr. ALLOTT. I am inclined to think that the Senator is.

Mr. RIBICOFF. No; I am trying to make some legislative history, so as to clarify questions raised by two distinguished Senators who are vitally concerned with problems that are peculiar to their States and to other rural States that have different problems in highly urbanized communities.

The PRESIDING OFFICER. The time yielded to the Senator from Colorado has expired.

Mr. PROUTY. I yield 2 more minutes to the Senator from Colorado.

Mr. RIBICOFF. We have tried as much as possible to place responsibility away from the Government, whether it be State or Federal. I have great respect for most of the hospitals in the United States. Hospitals are accredited by the American Hospital Association. In my opinion, and based upon my experience, the American Hospital Association is one of the most responsible, dedicated organizations in the country. The American Hospital Association has high standards; and we want high-standard hospitals and high-standard nursing homes.

So to make certain that we will not create a large juggernaut under the State and Federal Governments, we have placed the responsibility on hospitals, which are almost without exception charitable, civic, or nonprofit organizations. We are saying to them, in effect "We will let you decide the proper standards for nursing homes."

We recognize that a situation might arise, and could arise, in which there might be prejudice on the part of a hospital; when a hospital would not want to assume the burdens, because of distances. We do not want to deprive a large number of persons of services to which they are entitled. So we provide that if a hospital refuses to enter into such an agreement, under such circumstances the State agency may say "An exception can be made"; and under those circumstances we say that it is the proper agency.

Then the Secretary could come in as a last resort, if we had a State agency, and notify the hospital.

Mr. ALLOTT. Since the time has been allotted to me, I must ask the Senator from Connecticut to permit me to conclude my remarks.

It seems to me that in this instance the Government has delegated its power of choice to a group of independent people, and that we have avoided the Government process. If we want to place this matter in the hands of the State, which represents the people, I believe that we should do so. However, I believe that my friend is on the horn of a dilemma. I do not believe that we can conscientiously say that these homes should be designated by an individual hospital in an individual town.

Perhaps the Senator does not understand the problems which exist in Vermont, New Hampshire, Montana, Utah, Wyoming, California, and other States of the country which have a real problem.

We owe a great debt to the distinguished Senator from Vermont for raising the question. I sincerely hope that the amendment of the Senator from Vermont will be agreed to. It is a wholly sensible amendment. It is entirely in compliance with the spirit of the law. It makes more sense than the manner in which the subject has been covered in the law as written.

Mr. RIBICOFF. Mr. President, I yield myself 3 minutes from my own time.

The PRESIDING OFFICER. The Senator from Vermont has control of the time.

Mr. PROUTY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Vermont has 10 minutes remaining.

Mr. HOLLAND. Mr. President, will the Senator from Vermont yield for a question?

Mr. PROUTY. I yield.

Mr. HOLLAND. Mr. President, am I to understand that the amendment of the Senator from Vermont would give prima facie standing to a State license when that license has been issued to a nursing home?

Mr. PROUTY. The Senator is correct.

Mr. HOLLAND. There is nothing conclusive about it. If some bad situation were to develop, in the judgment of the Government agencies, to make it appear that there was a bad administration of a program, they could of course disqualify a particular nursing home.

Mr. PROUTY. The Senator is correct.

Mr. HOLLAND. Mr. President, I thoroughly support the amendment. I believe that the action of the State agency should have prima facie standing. I am glad that the Senator from Vermont proposes to give the State agency action no more than prima facie standing. That should give complete assurance to the Federal agency that if something is wrong, they have every right and duty to bring that point up and disqualify the particular nursing home.

Mr. COTTON. Mr. President, will the Senator from Vermont or the Senator from Florida yield 3 minutes to me?

Mr. SMATHERS. Mr. President, I yield 3 minutes to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 3 minutes.

Mr. COTTON. Mr. President, I have always admired the forthrightness and the ability to hit at the core of any problem of my distinguished friend the Senator from Colorado. I believe that this is a good amendment. I should like to see the amendment agreed to. However, with all due deference to the Senator from Colorado, I feel that I should express my appreciation to the Senator from Connecticut and come to his defense.

What the Senator from New Hampshire wanted to do was not to concentrate the power in Washington. I am opposed to such concentration and I feel that way very deeply.

I have a very great problem with this matter. My distinguished colleague, the junior Senator from New Hampshire, joins me. A situation exists in our State in which hospitals, because of their fear of taking responsibility for the conduct of nursing homes which are located too far away for them to really keep their fingers on them, will not enter into these agreements. If they do not enter into such agreements, and if the Secretary of Health, Education, and Welfare in Washington does not lay down the kind of criteria under which State-licensed and supervised nursing homes can function in my State, it will cause a tremendous hardship on many of the people that we desire to reach by means of this legislation. They would suffer greatly from it.

I wish to establish the legislative history on the floor. I see present in the Chamber the Senator from Florida and the Senator from Kansas, who are members of the Committee on Finance. They are listening intently. I have received a definite assurance from the distinguished Senator from Connecticut, for whom I have a very high regard—and I know his word is as good as any bond I could ever ask for—that it was the intent of the committee and his understanding of the wording of the bill, that, in situations such as I have described in New Hampshire, we can rely upon the Secretary of the Department of Health, Education, and Welfare to see to it that the bill reaches its goal and that nursing homes, if they have been properly inspected, licensed, and approved by the State, will be allowed to take care of old people.

I thank the Senator. I do not want the assurance of the Senator to be undermined with regard to my home State by any estrangement or controversy about the structure of the bill.

Mr. RIBICOFF. Mr. President, I appreciate the comments of the distinguished Senator from New Hampshire.

In answer to the Senator from Colorado, I have been in both the State of New Hampshire and the State of Vermont many, many times. My son went to school in Vermont. My children went to camp in New Hampshire. I have friends who live there. I have visited there many times.

I have been in the State of Colorado at least 10 times in my lifetime. As a Governor, and going to Governor's conferences, I have spent much time with the other 49 Governors of the 50 States of the Union. I think that I understand the problem.

As Secretary of the Department of Health, Education, and Welfare, I never felt that my outlook or point of view was that of a Connecticut man. I always felt that I had the responsibilities and problems of all people, whether they lived in urban centers of the Nation, or in the tiniest hamlet, in trying to work out the problem.

I hope the time never comes when I look at a problem from the point of view of the welfare of my own State. I hope that I shall always recognize problems as they exist.

What I have been trying to do in the colloquy with the Senator is to attempt to establish beyond a doubt that their fears were groundless. I have also attempted to nail down in the legislative history we are making today that it is the intention of the Senate and of the Committee on Finance definitely to take care of the specific problem raised by the distinguished Senators from the States of Vermont and New Hampshire.

They are zealously taking care of their own people. They have my assurance and the assurance of the Committee on Finance and of the leadership on both sides of the aisle that the bill is designed to definitely take care of the problems raised.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for an additional 3 minutes.

Mr. RIBICOFF. Mr. President, the agency can check on the people in the nursing homes and the people who live in the vicinity and use the nursing homes. If they do not devise coordinated plans, the State agency can come into play. If the State agency does not come into play, the Secretary of Health, Education, and Welfare can enter into the problem. I know of no better way to give full assurance and a guarantee than through the legislative history and the bill.

Mr. COTTON. Mr. President, I thank the Senator.

The PRESIDING OFFICER. Mr. President, who yields time?

Mr. PROUTY. Mr. President, I believe that the legislative history has been made very clear. I am indebted to the distinguished Senator from Connecticut for his elucidation.

I should like to call his attention to one thing. I wonder if he could accept an amendment.

I propose the following amendment:

On page 92, lines 11 and 12, insert between "hospital" and "sufficiently" the phrase "within the State or otherwise".

Mr. RIBICOFF. Mr. President, the amendment is acceptable to me.

Mr. PROUTY. That would mean that a small nursing home could negotiate a transfer agreement with a hospital in a State which is sufficiently close, or which has such an agreement, if the home is in the public interest and essential to take care of the persons of the community.

Mr. RIBICOFF. I believe that I understand what the Senator is driving at. There might be a community in a State that is close to the border of another State in which a hospital is located. As I recall, Lebanon, N.H., would serve a small community across the line of Vermont that would meet the certification of the State of New Hampshire.

I think this does clarify it for areas near the Canadian border, in New Hampshire, Vermont, or Maine, where there may be an association with a hospital across the border. I would be willing to accept the amendment by the Senator.

Mr. SMATHERS. May I ask the Senator from Vermont, if it is the disposition of the present manager, with the advice of the Senator from Connecticut, to accept this amendment, does it mean that the original amendment is withdrawn?

Mr. PROUTY. That is correct.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The first amendment of the Senator from Vermont is withdrawn, and the clerk will report the present amendment.

The LEGISLATIVE CLERK. It is proposed, on page 92, lines 11 and 12, to insert between the words "hospital" and "sufficiently" the phrase "within the State or otherwise".

Mr. SMATHERS. Mr. President, we will accept the amendment.

I yield back my time.

Mr. PROUTY. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Vermont [Mr. PROUTY].

The amendment was agreed to.

The PRESIDING OFFICER. Are there further amendments?

Mr. SMATHERS. Mr. President, on behalf of the Finance Committee, I send to the desk certain amendments.

I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. SMATHERS are as follows:

On page 304, line 6, strike out "6.7" and insert "6.8".

On page 306, line 20, strike out "4.45" and insert "4.50".

On page 306, line 22, strike out "4.9" and insert "4.95".

On page 308, line 16, strike out "4.45" and insert "4.50".

On page 308, line 18, strike out "4.9" and insert "4.95".

On page 232, line 25, strike out "0.70" and insert "0.76".

On page 233, line 5, strike out "0.525" and insert "0.57".

On page 305, line 9, strike out "0.60" and insert "0.65".

On page 305, line 14, strike out "0.65" and insert "0.70".

On page 305, line 18, strike out "0.75" and insert "0.80".

On page 307, line 16, strike out "0.60" and insert "0.65".

On page 307, line 19, strike out "0.65" and insert "0.70".

On page 307, line 22, strike out "0.75" and insert "0.80".

On page 309, line 12, strike out "0.60" and insert "0.65".

On page 309, line 15, strike out "0.65" and insert "0.70".

On page 309, line 18, strike out "0.75" and insert "0.80".

Mr. SMATHERS. Mr. President, the amendments raise the level of tax so the trust funds will stay solvent.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I have been looking at the brief summary of the bill as contained on page 2 of the report, under paragraphs (9) and (10), which read:

(9) revising the tax schedule and the earnings base so as to fully finance the changes made; and

(10) making other miscellaneous improvements.

Am I to understand from the acting manager of the bill that he does not intend by these amendments to put on new taxes, but simply to raise the existing taxes provided for in the bill sufficiently to cover the additions we have put in the bill?

Mr. SMATHERS. Yes; to cover the amendments which we have adopted, which call for expenditures out of the trust funds.

Mr. SALTONSTALL. And where the money comes out of the general revenues?

Mr. SMATHERS. We shall have to appropriate those moneys at some later date.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. LAUSCHE. Since I last asked questions of the Senator from Florida, the total expenditures under the bill were increased by $40 million through an amendment offered by the Senator from Indiana [Mr. HARTKE]. The total expenditures now provided are $7.527 billion as compared to a recommended expenditure by the President of $4.33 billion. Those expenditures are approximately $2.8 billion beyond what the President recommended. Is that correct?

Mr. SMATHERS. That is about correct.

Mr. LAUSCHE. The amendment which has been offered by the Senator from Florida contemplates giving authority to the Congress to establish ways and means of financing the deficit of $2.8 billion. Is that correct?

Mr. SMATHERS. The Senator is about correct.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. SMATHERS. I yield 1 minute to the Senator from New York.

Mr. JAVITS. Mr. President, I understand we are anxious to get on with the business of the Senate and have the House cover the rates, but let us get some idea of what is involved.

As I understand the amendment of the Senator from Florida, the social security tax rates are increased about one-tenth of 1 percent, in general.

Mr. SMATHERS. The Senator is correct as to the combined employer-employee rate.

Mr. JAVITS. And the rates with respect to hospital insurance about 0.05 percent.

Mr. SMATHERS. Yes.

Mr. JAVITS. So there is no really sensational increase involved, and the wage base remains the same.

Mr. SMATHERS. Yes.

Mr. JAVITS. We are not dealing with a sensational increase.

Mr. SMATHERS. And it also revises the allocation to the disability fund. Otherwise the Senator is correct.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield to the Senator from Tennessee.

Mr. GORE. Instead of this being an expenditure that will go down the rat hole, we are increasing the income to make the program actuarially sound. Is that correct?

Mr. SMATHERS. The Senator is correct.

The PRESIDING OFFICER. Do Senators yield back their time on the pending amendment?

Mr. SMATHERS. I yield back my time.

The PRESIDING OFFICER. All time on the amendments has been yielded back.

The question is on agreeing to the amendments of the Senator from Florida.

The amendments were agreed to.

The PRESIDING OFFICER. Are there further amendments?

Mr. MILLER. Mr. President, I send an amendment to the desk, and ask that it be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The legislative clerk read as follows:

On page 108, line 22 strike the words "To the extent" and all thereafter through the period in line 2 on page 109 and insert in lieu thereof the following:

"An institution or agency which such a State (or local) agency certifies is a hospital, extended care facility, or home health agency (as those terms are defined in section

1861) shall be treated as such by the Secretary: *Provided*, That in the event the Secretary determines that the hospital, facility, or agency is so inadequate as to endanger the life or health of the people it serves, gives notice of such determination to the certifying State agency and provides an opportunity for hearing thereon to the State agency."

Mr. MILLER. Mr. President, I yield myself 3 minutes.

The reason for this amendment was prompted by the colloquy between the Senator from Connecticut [Mr. RIBICOFF] and the Senator from Colorado [Mr. ALLOTT], relating to language on page 108 of the bill, which leaves it entirely to the discretion of the Secretary as to whether or not one of these facilities certified by a State agency shall be so treated.

My amendment provides that if the facility is certified by a State agency, it will be so recognized by the Secretary. However, if the Secretary determines such facility would endanger the life or health of the people served, then it must serve notice thereof to the State agency and give the State agency an opportunity for a hearing. The decision will be made, anyway, by the Secretary, but it will give the State agency an opportunity for a hearing and an opportunity to clarify the matter.

I hope the Senator from Florida will accept the amendment.

Mr. SMATHERS. Mr. President, I yield 1 minute to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I have not had a chance to study the amendment thoroughly, but I do not think the amendment is needed. It appears that we are trying to give the Secretary more power than he probably should have, and under the circumstances I think the amendment should not be adopted.

Mr. MILLER. Mr. President, I yield 3 minutes to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I am afraid the real question in the colloquy which has ensued between the Senator from New Hampshire, the Senator from Vermont, and other Senators has been lost. There is a real question here as to whether or not the Senate is going to place the preliminary responsibility for the licensing of nursing homes with hospitals. There may be 100 different situations in a given community. I am not able to judge the situation in a large community, because I have never lived in a big city for any extended period of time, but I think I am fairly well able to judge the situation in small communities. There are at least 100 different instances when a conflict or block might come between a hospital and a particular nursing home.

I hold in my hand a handful of telegrams from nursing homes in Colorado, all of which are opposed to the bill in its present form. There are nursing homes in Colorado, and, I am sure, in many other States—I do not believe it applies to my State alone—where this proposal would form a block to the real care of persons in nursing homes.

We are indebted to the Senator from Iowa for his amendment, because what it would do would be to put it on a basis where it can be accelerated rapidly. It is left, then, to the State in the first respect, and then to the Secretary of HEW.

If Senators would consider this amendment and take it to conference, they would find that the purposes of the bill as they have proclaimed them are actually being served by the amendment. Otherwise, I can tell the Senate right now that the effect of the bill will be that in many States, nursing homes which are of the highest quality are going to have a rough time getting qualified under the bill. I would hope, and I appeal to the distinguished Senator from Florida again, that he will consider the amendment agreeably and take it to conference, because this is an amendment which will avoid a great deal of hardship on a great many old people.

Mr. President, I ask unanimous consent to have the telegrams to which I have referred printed in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

DENVER, COLO.,
*July 9, 1965.*

Senator GORDON ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

As is the H.R. 6675 will be a catastrophe for our aged in long-term facilities. Our association of 125 members urges you to support the Harris amendment.

F. H. HARRISON,
*Executive Director,*
*Colorado Associated Nursing Homes, Inc.*

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GRAND JUNCTION, COLO.,
*July 9, 1965.*

GORDON ALLOTT,
*Senate Floor,*
*Washington, D.C.:*

H.R. 6675 absolutely unfair to infirmed and long-term care facilities as is. I urge adoption of Harris amendment.

GOE DASSENKO,
*President, Western Slope Association of Nursing Homes.*

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FORT COLLINS, COLO.,
*July 9, 1965.*

GORDON ALLOTT,
*U.S. Senate,*
*Washington, D.C.:*

Strongly urge you to support Harris amendment 6675 to prevent wholesale discrimination of treatment to our elderly and nursing homes.

HARRY ASMUS,
*President, Colorado Association of Nursing Homes.*

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PUEBLO, COLO.,
*July 8, 1965.*

GORDON ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

H.R. 6675 as will appear on the floor will not do the job for the thousands of chronically ill elder citizens of our country. May I urge you, at the very least, to vote for the Harris amendment. Even 60 days is hardly realistic for nursing home care. Elder citizens receive better, cheaper care in modern nursing homes than in acutely oriented hospitals. Licensed accredited nursing homes are doing by far the best job in care for the elderly. Please check the records.

ROBERT C. SMITH,
*Administrator Charmar Nursing Center.*

BOULDER, COLO.,
*July 8, 1965.*

Hon. GORDON ALLOTT,
*Senate Floor,*
*Washington, D.C.:*

H.R. 6675 as is is totally wrong for the elderly patient, the long-term care facility and the taxpayer. Too much emphasis on high cost care. Recommend adoption of the Harris amendment.

DONALD J. KING,
*First Vice President,*
*Colorado Associated Nursing Homes.*

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COLORADO SPRINGS, COLO.,
*July 9, 1965.*

Senator ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

As is H.R. 6675 will defeat all intent and purpose for long-term care of the aged. Support Harris amendment.

FRED JONES,
*Prospect Lake Nursing Home.*

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COLORADO SPRINGS, COLO.,
*July 9, 1965.*

Senator ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

H.R. 6675 needs many revisions in order to provide adequate long-term care for the aged. Strongly recommend the Harris amendment if passage inevitable.

OLGA M. PRATT,
*Norton Nursing Home.*

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COLORADO SPRINGS, COLO.,
*July 9, 1965.*

Senator ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

As is H.R. 6675 will defeat all intents and purposes for long-term care of the aged. Support Harris amendment.

JOHN W. HURD.

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COLORADO SPRINGS, COLO.,
*July 9, 1965.*

Senator ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

H.R. 6675 needs many revisions in order to provide adequate long-term care for the aged strongly recommend the Harris amendment if passage inevitable.

GEORGE CAVANAUGH,
*Care More Nursing Home.*

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DENVER, COLO.,
*July 9, 1965.*

Hon. GORDON ALLOTT,
*Senate Office Building,*
*Washington, D.C.:*

Strongly urge you to support Harris amendment to H.R. 6675 to prevent discriminatory treatment of nursing home and the elderly.

MARGIE and VIRGIL DAVIS,
*Davis Nursing Home.*

Mr. KUCHEL. Mr. President, will the Senator from Iowa yield to me for a question?

Mr. MILLER. Mr. President, I yield 3 minutes to the Senator from California.

The PRESIDING OFFICER (Mr. BREWSTER in the chair). The Senator from Iowa is recognized for 3 minutes.

Mr. KUCHEL. Most Senators have had an opportunity to study the language which the able Senator from Iowa has used in offering his amendment. But is it the intent of the amendment that in the event of a dispute between the Secretary of HEW and a given nursing home in a given State, that the Sen-

ator's amendment would supply a hearing on the matter, subsequent to the development of that dispute, and presumably an adverse ruling? Is that the intent with which he offers the language?

Mr. MILLER. That is the intent. If I may amplify that, the intent is to tie in with what the Senator from Florida [Mr. HOLLAND] earlier joined in with the Senator from Vermont [Mr. PROUTY], whether there is a prima facie case in favor of State certification. And there is.

If the Secretary of HEW determines that, on the basis of an investigation, the facility will endanger the life and health of those whom the nursing home is serving, he sends a notice to the State agency and the State agency is granted the opportunity for a hearing. However, the power of decision will still rest with the Secretary of HEW.

Mr. KUCHEL. I thank my friend the Senator from Iowa.

Let me say to my friends on the other side of the aisle that I am going to ask them if they will accept this amendment and take it to conference.

Mr. SMATHERS. Mr. President, with that gilt-edged endorsement from the Senator from California, and the good intentions of Senators on the other side of the aisle, even though we cannot make heads or tails out of the amendment, we will accept it.

Mr. President, I yield back the remainder of my time.

Mr. MILLER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

Mr. LAUSCHE. Mr. President——

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, I wish to vote for the bill and I do so on the basis of the statement made by the majority leader.

Mr. SMATHERS. Mr. President, will the Senator from Iowa yield, so that I may send to the desk a totally complete technical amendment——

Mr. MANSFIELD. With the proviso that the Senator from Ohio does not lose his right to the floor.

Mr. SMATHERS. Of course.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMATHERS. Mr. President, I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk read as follows:

On page 20, line 3, strike out "(b), (c)," and insert in lieu thereof "(b)".

On page 22, line 6, strike out "121st" and insert in lieu thereof "101st".

On page 386, strike out lines 1 through 4.

Mr. SMATHERS. Mr. President, this amendment merely changes 121st to 101st. It is a mistake. It is a technical amendment only.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. Who yields time?

Mr. LONG of Louisiana. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 13 minutes remaining.

Mr. LAUSCHE. I require only 2 minutes.

Mr. LONG of Louisiana. Mr. President, I yield myself 30 seconds.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 30 seconds.

Mr. LONG of Louisiana. Mr. President, I have obtained unanimous consent that Senators may make speeches concerning the pending bill expressing their views and they will all appear prior to the vote. They can do that after we have voted on the bill, which is being done for the convenience of Senators who wish to leave for their many engagements.

Now if the Senator from Ohio wishes 3 minutes, I am glad to yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 minutes.

Mr. LAUSCHE. Mr. President, I will vote for the bill as it is now pending before the Senate on the basis of the statement made by the majority leader, as follows:

Mr. MANSFIELD. Mr. President, is it not true that this matter would go to conference and the final figures would be determined by the conferees of the House and the Senate? The final figures might well be below what is finally approved in the Senate today.

I do not know what the conferees will do, but it is my hope that they will try to keep the figures within those recommended by the President and adding thereto the cost of title II which is $600 million.

Mr. BASS. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. BASS. I join the Senator in saying that I hope that when the bill goes to conference the actuarial part of the bill will be scrutinized with a great deal of care, because if there is one thing that is most important in the social security system, and in this part of the medicare program, it is that we keep it actuarially sound.

Therefore, I commend the Senator from Ohio for his statement, and to thank him for his remarks.

Mr. LAUSCHE. I thank the Senator.

Mr. MORTON. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. MORTON. We will find in conference that we cannot go below the $6 billion, because that is in the House bill.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired. Who yields time?

Mr. LONG of Louisiana. I yield 1 additional minute to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 1 additional minute.

Mr. LAUSCHE. Let me point out a matter which has not been mentioned by the Senators in charge of the bill, that the President's recommendation involved an expenditure of $4,733 million. There should be added to that $600 million which the President approved as a part of the expenditure recommended by the House for the financing of items involved in title II.

The President's recommendation is for an expenditure of $5,333 million. The Senate has adopted a program involving an expenditure of $7.5 billion—$2 billion more than the President recommended.

Mr. HARRIS. Mr. President, will the Senator from Louisiana yield me 30 seconds?

Mr. LONG of Louisiana. Mr. President, I yield 1 minute to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 1 minute.

Mr. HARRIS. Mr. President, I should like to ask the Senator in charge of the bill a question.

Under the definition of Extended Care Facility—section 1861(f)(6) page 87—states:

(6) provides 24-hour nursing service which is sufficient to meet nursing needs in accordance with the policies developed as provided in paragraph (2), and has at least one registered professional nurse employed full time.

I assume that this means that an "extended care facility" or skilled nursing home—must have one full-time registered professional nurse—that is a registered professional nurse on actual duty 8 hours a day—7 days a week and that the rest of the time that a registered professional nurse is available or on call; is that not correct?

Mr. LONG of Louisiana. The Senator is correct. There are certain provisions of this section which require 24-hour nursing home care, and the other is a requirement for the employment of registered nurses; but there is no requirement for a 24-hour nurse's service by a registered nurse.

Mr. HARRIS. I thank the Senator from Louisiana.

## SENATOR RANDOLPH STRESSES VITAL IMPORTANCE OF PASSAGE OF HOSPITAL INSURANCE PLAN UNDER SOCIAL SECURITY ACT—ADDITIONAL BENEFITS ARE INCLUDED FOR OLDER CITIZENS

Mr. RANDOLPH. Mr. President, in this forum on August 15, 1960, I observed that the Senate was on the eve of considering legislation to meet the health needs of the aged and of working toward a solution of the problem which, for hundreds of thousands of Americans, is a vital concern. I identified that problem as the one of meeting the cost of medical and institutional care "when

disability is at its highest point and income is at its lowest for many citizens."

It was my responsibility to have said then, and I emphasize now, that we can strike back at medieval concepts of charity—and can wield a major blow in behalf of a fuller life of honor, dignity, and physical and mental independence in the retirement years.

The RECORD reflects that I called attention on that occasion to the fact that it was my prior responsibility, as a Member of the House of Representatives, to have advocated and supported the original legislation which brought the social security system into being. I said:

Mr. President, it seems to me that it would be most fitting for us to pass a measure providing a program of medical care for the aged during August 1960, the month of the 25th anniversary of the 1935 Social Security Act.

We failed, however, to include health care for the aged in our 1960 social security enactments. Approximately a year later, on August 2, 1961, I testified before the House Ways and Means Committee. My views were in support of the legislation before the House committee to expand the social security program to provide medical care for the aged on a prepaid insurance basis in addition to the medical assistance for the needy provisions of Public Law 86–778—Kerr-Mills.

For several complicating reasons, the so-called medicare program was not added to the social security structure, although we made significant progress by including a health care amendment in the Senate in the 1964 social security legislation, only to lose the whole bill.

I have recorded my third vote in support of medicare. It is with a feeling of very real satisfaction that I am resolute in my support of both the amendment including the health care program for our elderly citizens, and other significant amendments in these 1965 additions to the social security system. The greatest gratification derives from the fact that this year, for the first time, it seems certain that a medicare amendment will not stymie a whole social security amendments measure. We are truly engaged in enacting a law, not in an exercise in gesture and futility.

With health care for the aged provisions in the House-passed legislation, our action in this body in incorporating those provisions, with Senate improvements, will make this a truly historic day.

In anticipation of these significant developments, I was requested by my friend the distinguished editor of the editorial page of the Huntington, W. Va., Advertiser, Wendell Reynolds, to prepare a guest editorial for that newspaper—to be published on this memorable date. I feel sure it will have a special niche in American history because it will be the technical if not the actual beginning of hospital care and limited medical service for our elderly citizens under the social security system.

I ask unanimous consent, Mr. President, to have the material I submitted to that newspaper printed in the RECORD at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MEDICARE UNDER SOCIAL SECURITY—A GOAL NEARING FRUITION FOR ELDERLY

In the U.S. Senate there likely will be passed, possibly before this day ends, an amended version of the House-passed and administration-advocated legislative measure providing insurance under the social security system for hospital care and some medical expenses for persons 65 years old or over. It includes the program popularly called medicare, and your Senators earnestly support it. I am a cosponsor.

Not to be overlooked is the fact that this legislation provides also for increasing social security benefits and expanding the Kerr-Mills program of medical assistance to indigent aged persons. Further included in the measure are child health care and other Federal-State public assistance programs.

When Senate debate was opened on the medicare bill, which is only one facet of the Social Security Amendments Act of 1965, it was almost 30 years to the day after the original 32-page social security law was before the Senate. I was then a member of the House of Representatives and was one of the sponsors of that original measure, and of many improving amendments in intervening years.

The social security system has grown from its moderate beginning to be a real citadel of our country's social and economic structure. When the legislation was reported in the initial 1935 action in Congress, it was contemplated that, by 1980, the benefit payments would reach an annual level of approximately $3½ billion. Projections based on provisions of the measure to be passed by the Senate within a matter of hours indicate that by 1967 the total social insurance disbursements will approach $25 billion. This compares with the $16 billion level of benefit disbursements reached in 1964.

Thus, if the House-passed bill, as amended in the Senate, emerges from the total legislative process and goes to the White House for assured Presidential signature approximately in the form anticipated, it will make for a total social security system approximately four times as large as the initial program begun in 1935.

There is justifiable reason for gratification that the legislation nearing fruition, after many years of complications experienced in the field of health care for senior citizens, has the potential for providing meaningful protection for older Americans against excessive costs of hospital care and some related medical services. In scope, this medicare program may not be all that the elderly persons deserve, but it will be a significant initial achievement in expanding social security coverage into the health care for the elderly category.

Although the measure's most noteworthy and most publicized feature is the insured comprehensive senior citizens' health care for 19 million persons above age 65, this is but one of the numerous parts of the new 400-page legislative document known as the Social Security Amendments of 1965.

In fact, although the emphasis is on health care for the elderly citizens, among those persons to be helped most by the legislation will be children.

We must not lose sight of the fact that the Social Security Amendments and medicare bill embraces attention to the future leaders of America. as well as to the very senior citizens.

Unlike the defeated 1960 medicare version, and unlike the 1964 health care for the aged amendment, this year's medicare version will be passed as a vital part of the Social Security Amendments of 1965. The overall bill will go to the White House containing our first comprehensive program of social security insured health care for aged citizens.

On the final passage issue, every affirmative vote will be for a program certain of becoming law—and not a gesture as in past years when House Ways and Means Committee leadership was opposed.

I have voted to include medicare in the Social Security Amendments of 1965, and I will vote for the total measure with full expectation that all important elements of it will become law.

This epochal legislation, plus tax relief and education assistance measures in the Congressional Record of achievements, constitutes a constructive record. Historic steps are being taken for permanently improving the social, cultural, and economic strength of the United States of America and the mountain State of West Virginia.

Here are some of the services the Social Security Amendments of 1965, including medicare, would offer if the final form closely parallels the Senate Finance Committee version now in the Senate:

Approximately 19 million people would be eligible for basic hospital protection as of July 1, 1966, and, effective January 1, 1967, of longer duration than under the House-passed bill. Perhaps 17 million of these individuals would also take advantage of the voluntary supplementary program which would cover physicians and other services as of January 1, 1967. About 8 million of these citizens also would be eligible for the revamped Kerr-Mills type program for medically indigent persons. Many thousands of West Virginians will qualify.

Of real significance is the fact that 20 million beneficiaries will receive a 7-percent benefits increase under the standard existing old-age and survivors benefits social security insurance, and other programs now under operation.

There is in the Senate bill a new provision which parallels something for which the Senators from West Virginia have been working for more than 6 years. Under it, approximately a million beneficiaries who work to supplement their social security benefits will profit from the liberalized earning limits. If the Senate amendment prevails in Senate-House conference, it will permit retirees to earn up to $1,800 a year without reduction of social security benefits. This would replace the outdated $1,200-a-year limit on earnings without penalty under prevailing law.

Another 333,350 of our older citizens, who are not now receiving any social security benefits, will qualify for new special benefits at age 72.

Some 40,000 children will receive benefits because of liberalizing definition changes. And approximately 200,000 widows will have the opportunity to draw benefits if they decide to retire at age 60 instead of age 62.

There are other provisions in the Senate version which would provide for extension of certain social security benefits to children up to age 22 who are going to school. The prevailing cutoff date for eligibility is age 18, and I am hopeful that the age 22 level will prevail in conference.

Many in all of these categories will be West Virginians.

Mr. RANDOLPH. Mr. President, I am gratified that my able colleague, Senator ROBERT C. BYRD, will have his amendment to reduce the permissible retirement age under social security reduced from age 62 to age 60 years, and that this amendment will be considered in the Senate-House conference.

I support this proposal and believe the larger impact of earlier retirement in business, industry, and the professions poses a problem which should be the

subject of Senate hearings in the near future.

The senior Senator from West Virginia is a member of the Special Committee on Aging and is chairman of its Subcommittee on Employment and Retirement Income, and also is a member of the Committee on Labor and Public Welfare and its Subcommittee on Employment and Manpower. The Subcommittee on Science and Technology within the Select Committee on Small Business, which I chair, is also involved in this vital area. I have a particular interest and responsibility, therefore, to develop in depth a better understanding of the dynamic changes in our labor and sociological structure.

Mr. President, my concluding remarks are used to express genuine commendation to the senior Senator from New Mexico [Mr. ANDERSON]. During the years, CLINT ANDERSON has labored with stout heart and high purpose to achieve this legislative landmark. I salute his leadership.

Mr. McCLELLAN. Mr. President, the goals outlined on the Great Society's blueprint are ambitious and challenging. We cannot quarrel with the high purpose they seek to achieve. But they are costly, and in our zeal to realize these objectives, we can too easily lose sight of that fact.

In short, we should be willing to pay the tolls that will be required before we embark on the expressways of the Great Society. Those tolls are surely going to be both high and continuing.

This measure is the biggest and most costly of all social security programs. It contains major proposals to increase the retirement benefits for 19 million older Americans, and in addition, provides medical care for our aged. The estimated cost of it is more than $7 billion.

To meet this high cost, the bill proposes to increase both the maximum on the amount of earnings that are subject to taxes from $4,800 to $6,600 beginning in 1966, and it also increases the tax rates. Indeed, under the pending proposal, the tax rate will be raised to 10 percent in 1971, a figure long deemed to be the absolute economic maximum that could be allocated for the social security program. But, under this bill, that figure will be jumped to 11 percent by 1973. Thus, we can see that this measure breaks new ground in many respects.

But, perhaps, Mr. President, this is not too surprising. For we live in an era where tradition is being subjected to reevaluation, where customs of yesteryear are found wanting for the needs of today, and where constancy is giving way to change.

Medicare is an attempted answer the conditions these changes have produced. It seeks to ease the minds of many of our citizens, and enable them to look forward to the future confidently, knowing that the measure of economic independence gained during a lifetime of work will be supplemented in case of need and when their earning power has ceased.

Yet, we need, to be fully cognizant of what this measure holds in store for our citizens. For example, while it does establish a separate fund for the medicare provisions, yet it will operate like the social security program; that is, it will in large part be financed on a pay-as-you-go basis. The taxes collected from the younger generations of today will provide the funds to pay the benefits to those older citizens who have retired. Likewise, the funds to pay for the 7-percent retroactive increase in social security benefits will be made up of taxes extracted from the wages of today's younger workers. Thus, it is perfectly clear that this measure—like the social security program—commits this generation and all future generations ad infinitum, to greater and greater obligations. It is therefore quite obvious that the continued success of the program will depend on the willingness of the people to pay the increased levy the program will demand.

Our people should also be keenly aware of the fact that this bill, with its broad medicare provisions, could serve as the vehicle for further expansion to the point where more and more age groups are covered until eventually everyone will be blanketed into the program and socialized medicine may well be attempted.

But these matters have been discussed time and again, both in the Congress and across the breadth of the country. Probably no other measure has been subjected to more debate and scrutiny than has the pending bill. For more than a decade it has been in the forefront of national topics; indeed, in the recent presidential campaigns it was a major issue. I have become convinced that the vast majority of Americans want a medicare program. There is equally no doubt in my mind that they will have such a program.

Mr. President, I take no issue with the major premise of this legislation. Indeed, it promises to become—like the social security program itself—an integral part of the American way of life. As an instrument of the people, the Federal Government performs a high service by using its facilities and resources to enable our elderly citizens to receive adequate medical care. Especially since under today's standards, adequate care is too often beyond the reach of many of our aged people.

My chief concern with this measure has been, over the years, in connection with the financing aspects. I would prefer, for example, to see a provision written into the bill whereby some standards are used so that the workers of today are not obliged to pay for the medical care of the large number of our elderly people who are quite able and willing to pay for the cost of such care. Of course, it might be a bit more difficult to administer such a program, but it would be a more prudent, fiscally sound way to handle this problem. And it seems to me that before the Federal Government ventures into a program of such vast magnitude that we should first step cautiously—and conservatively—lest we commit ourselves to a burden that may prove too onerous in future years.

It would certainly be much easier to expand a more modest program on the basis of experience than it would be to curtail an overambitious program once launched. Indeed, my experience in the Congress convinces me that when the Federal Government embarks on a program of this nature, there is no backward step.

The bill also provides for a voluntary program to supplement the basic medicare plan for the payment of physicians' fees and other medical and health services, to be financed through a small monthly premium paid by the individual, equally matched by an amount from the general funds of the Treasury.

Thus the financing provided for by this measure calls for a compulsory payroll tax on the individual and the employer, together with a voluntary premium payment by the individual to be matched by funds from the general Government revenues.

To the wage earner this will mean less take-home pay; to the employer it will mean that his overhead costs will rise. All of this increased cost will ultimately be passed along to all consumers, including the very wage earners whose spending dollars will be reduced in the first instance under the provisions of this bill. And, obviously, the matching Federal funds can come from only once source; that is, from all taxpayers.

I have pointed these facts out time and again in discussing this measure with various members of my constituency, and repeat them here only in an effort to place this bill in proper perspective. I want the people of Arkansas to know full well what this bill holds in store for them—not only the benefits it promises—but the cost it will entail.

Mr. President, I do hold one other reservation about this bill and that relates to the possibilities of Federal intervention with, or attempted control over, the medical profession of our country. I am opposed to any legislation that would do that. I am sure that none of us—including the bill's most ardent proponent—want to enact legislation that will adversely affect our medical practitioners, nor would I want the profession to seek to protect its prerogatives so jealously as to endanger the operations of the medicare program.

But my reservations on this point are at least partially met by a provision in the bill which specifically provides that a beneficiary may obtain services from any participating institution, agency, or doctor of their choice. The responsibility for, and the control of, the care of the beneficiaries rests with the hospitals, extended care facilities, and the beneficiaries' physicians.

This safeguard is more than a mere palliative. The medical profession can surely protect its interests, and will do so.

In supporting this measure, then, I do so with the thought that the Federal Government has a legitimate concern for the welfare of this large segment of our population. It is undertaking to meet its responsibility. The pending measure represents a consensus—arrived at after

long and arduous national debate—of the best approach at this time.

I am hopeful that it will prove effective, and I trust that our people and our Government are prepared to meet its high and continuing cost.

If we are willing to and will pay for it, I am sure it will prove to be a wise, constructive, and progressive policy of Government. If, on the other hand, we neglect or refuse to meet and discharge the financial obligations this law will incur, then we shall surely be derelict in our duty and we may well encounter serious difficulties ahead. I hope we will do the former. We should properly finance this program and not charge any part of its cost to future generations.

DECENT HEALTH CARE FOR OLDER AMERICANS

Mr. KUCHEL. Mr. President, the great unfinished business of the last Congress was the need to pass a realistic program which would offer needed health care protection for our citizens who are over 65 years of age. Congress at long last is facing up to that task. Surely, nothing is so important to a Nation's continued vitality, except perhaps education, as the sound health of its people.

Today almost 19 million Americans are over 65 years of age. In my own State of California, there are 1.5 million senior citizens. With the great increase which has taken place in consumer prices and in the cost of hospitalization, unless Congress at last acts positively and vigorously, these fellow Americans face an uncertain future during their retirement years.

Since 1950 and the Korean war, the Consumer Price Index maintained by the Bureau of Labor Statistics has generally grown by 29.1 percent through June 1964. Medical care items, however, generally rose by much more: by 62.8 percent. Yet, the cost of hospital daily room rates skyrocketed beyond all bounds: by 154.5 percent.

This cost is not due to a desire by the hospitals of the land to cash in on misery and suffering. The hospitals have their own grave financial problems: problems of financing increasingly expensive specialized equipment and funding a rising cost of construction in developing modernized facilities and also maintaining the staff to service them.

But beyond the rising cost of hospitalization, the senior citizen is confronted with another economic fact; namely, that his income is reduced, sometimes drastically, during his retirement years. Consequently, his capacity to meet these expenses is greatly reduced.

The per capita costs of personal health services for those over 65 run about two and a half times as high as for the remainder of our population. In 1961, these costs were estimated to be $226 per aged person as compared to $103 for other persons. They are even higher now. Yet, almost one-half of our senior citizens who live alone have an annual income of $1,000 or less. Three-fourths have an income of less than $2,000 per year. This limited income will not go far in meeting today's catastrophic health-care costs. I believe the proper approach to resolve this problem is to enable a citizen to put away sufficient funds during his working years for possible use during his retirement years to pay some of the costs of hospitalization. The social insurance principle which is embodied in the social security system is the proper way, in my judgment, to do this. This is the fiscally conservative and sound way to finance this program, "pay as you go."

No one can charge that the rich are "soaked" to give to the poor or that the poor are objects of "welfarism" or public charity. In reality, we are attempting to provide for the middle-income citizens who are caught in the cost-price squeeze which has diminished the value of their savings. An individual receives social security benefits not as a result of the largess of a beneficent state, but rather because it is his money, set aside in a special trust fund, and because he is entitled to the benefits based on the actuarial soundness of the fund.

For the past 5 years, several of us in the Republican Party—Senators JAVITS, Keating, COOPER, CASE, SMITH, and myself—worked to devise a complementary program which would realistically meet the needs of our senior citizens by utilizing cooperatively both the public and private sectors of our economy. In 1962, we completely reworked the proposals then offered by the administration. Our suggestions were incorporated in S. 1 which was introduced in the Senate on January 6, 1965. They are included in H.R. 6675 now before the Senate:

First, coverage of all citizens who are over 65 regardless of whether or not their occupations have been previously under social security;

Second, establishment of a separate trust fund for the health care program so that there would be no danger of affecting the actuarial soundness of the regular social security retirement program;

Third, utilization of State agencies to determine eligibility and provide consultative services under the program;

Fourth, designation by hospitals of a private organization—such as Blue Cross—to perform administrative functions for them in connection with the program;

Fifth, permission for the States to supplement the basic benefits if they so desire;

Sixth, provision that hospitals which had been accredited by the Joint Commission on the Accreditation of Hospitals—composed of representatives of the American Hospital Association and the American Medical Association—would automatically be eligible to participate provided they had an adequate utilization review plan.

Our seventh basic proposal in 1962 concerned the provision of an appropriate role for private health insurance plans.

Mr. President, in the spring of 1962, I met with President Kennedy at the White House to discuss the suggestions which I have just noted which were made by several of my Republican colleagues and myself. Following that meeting, at the President's request, I sent him a letter which outlined some of these views. As a result Senator JAVITS and I and our staffs met with officials of the Department of Health, Education, and Welfare to revise the legislation which had been offered by the administration. I ask consent that the letter I wrote the President, dated April 2, 1962, be included at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 2, 1962.

Hon. JOHN F. KENNEDY,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: In order to meet the the medical care problems confronted by our senior citizens, a program will have to be devised, and soon. To be equitable, it needs to go beyond the limitations of the social security approach. While I recognize the reasonable fears of those who desire to separate trust fund rather than having benefit payments solely dependent on general funds and annual appropriations, I think the proper solution may well be a blending of both systems. For several million citizens over 65, who have never participated in the social security program, the general revenue, method would seem to be the only solution. Teachers, policemen, firemen, and other public employees who have never been under social security—though many of them have wished to be—are finding their medical care problems equally great.

I respectfully suggest that the concept of freedom of choice might well extend beyond the selection of one's doctor and include, were an individual to prefer it, the purchase of a nonconcelable private health insurance policy. I think that Senator JAVITS has a commendable thought on this matter. Under his proposal, an individual could take this option only if he had already been under such a private plan for at least a year before reaching the age of 65. The private carrier would receive a cash reimbursement on either a monthly or quarterly basis up to a specified amount based on the estimated annual cost of the benefits used by those not taking the private option. If the senior citizen lapsed in payment to the private carrier, he would then automatically go under the public benefit system.

There are several advantages to this option. One is that an individual could seek additional coverage not possible under the regular system in order to meet specific needs. For this he would make up the difference between the cash reimbursement and the actual cost of this benefit package. Another advantage is that the availability of this alternative would stimulate the continued growth of private health insurance and encourage experimentation by private and group health carriers to design a benefit package which would meet the medical and health needs of our senior citizens. Many workers are covered by private medical care insurance as the result of collective bargaining agreements. They might find it more convenient and practical to continue with their present private plan after retirement if this option were available. If the Secretary of Health, Education, and Welfare interposed no objections on actuarial or administrative grounds, I believe this proposal by Senator JAVITS would be beneficial.

Whatever system is finally agreed upon should be one which does not include a means test. To include this device in light of the major financing method of the system is inexcusable, as you have observed.

Some thought might be given to providing for the administration of this medical care program through State agencies. There could be some advantage here from the point of view of maintaining close contact with

local conditions and providing a more rapid decision on the payment of particular benefits. More important, I think those States with the financial capacity to do so should be encouraged to build on the Federal benefit base if they so desire. State administration of this program would make this possible.

You have my cooperation in devising a constructive and forward-looking measure which I know we both hope will do the job which needs to be done and which is long overdue.

Respectfully yours,

THOMAS H. KUCHEL,
*U.S. Senator.*

Mr. KUCHEL. Mr. President, between 1962 and 1964, we refined our views on the appropriate relationship which should exist between the public and private plans as a result of the recommendations of the National Committee on Health Care of the Aged chaired by Dr. Arthur S. Flemming, former Secretary of Health, Education, and Welfare under President Eisenhower and now president of the University of Oregon.

The Flemming committee, while endorsing the social security approach, recognized that the hospitalization program under social security will cover only approximately one-third of the senior citizens' health care costs; two-thirds of the job still remains to be done. Thus, they advocated a complementary private program which would cover those services which the public portion of the program does not provide. I was delighted that the administration accepted it as an essential part of S. 1.

When H.R. 6675, which is now before the Senate, was before the House Committee on Ways and Means, a voluntary "supplementary" plan was added providing that physicians' and other medical and health services would be financed through monthly premiums of $3 initially by individuals 65 years or older—which would be deducted from the social security benefits of beneficiaries who elect to participate voluntarily—matched equally by Federal Government revenue contributions. While I would have preferred to have a clearer delineation between the public and private sectors and avoid reliance on general funds, the program is a step forward in covering those two-thirds of a senior citizen's health care needs which would not be covered by the basic hospital insurance plan. Mr. President, I ask consent that the description prepared by the Senate Committee on Finance of the benefits provided in the basic plan—hospital insurance, the voluntary supplementary insurance plan, and the improvement and extension of Kerr-Mills medical assistance program—be included at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A. BASIC PLAN—HOSPITAL INSURANCE

1. General description: Basic protection, financed through a separate payroll tax, would be provided by H.R. 6675 against the costs of inpatient hospital services, posthospital extended care services, posthospital home health services, and outpatient hospital diagnostic services for social security and railroad retirement beneficiaries when they attain age 65. Benefits for railroad retirement eligibles would be financed by the railroad retirement tax out of their trust account if certain conditions are met. The same protection, financed from general revenues, would be provided under a special transitional provision for essentially all people who are now aged 65, or who will reach 65 in the near future, but who are not eligible for social security or railroad retirement benefits.

2. Effective date: Benefits would first be effective on July 1, 1966, except for services in extended care facilities which would be effective on January 1, 1967.

3. Benefits: The services for which payment would be made under the basic plan include—

(a) inpatient hospital services for up to 120 days in each spell of illness. The patient pays a deductible amount of $40 for the first 60 days plus $10 a day for any days in excess of 60 for each spell of illness; hospital services would include all those ordinarily furnished by a hospital to its inpatients; however, payment would not be made for private duty nursing or for the hospital services of physicians except (1) services provided by interns or residents in training under approved teaching programs; and (2) services of radiologists, anesthesiologists, pathologists, and physiatrists where these services are provided under an arrangement with the hospital and are billed through the hospital. Inpatient psychiatric hospital service would also be included, but a lifetime limitation of 210 days would be imposed.

(b) posthospital extended care (in a facility having an arrangement with a hospital for the timely transfer of patients and for furnishing medical information about patients) after the patient is transferred from a hospital (after at least a 3-day stay) for up to 100 days in each spell of illness, but after the first 20 days of care patients will pay $5 a day for the remaining days of extended care in a spell of illness;

(c) outpatient hospital diagnostic services, with the patient paying a $20 deductible amount and a 20-percent coinsurance for each diagnostic study (that is, for diagnostic services furnished to him by the same hospital during a 20-day period); and

(d) posthospital home health services for up to 175 visits, after discharge from a hospital (after at least a 3-day stay) or extended care facility and before the beginning of a new spell of illness. Such a person must be in the care of a physician and under a plan established by a physician within 14 days of discharge calling for such services. These services would include intermittent nursing care, therapy, and the part-time services of a home health aid. The patient must be homebound, except that when certain equipment is used, the individual could be taken to a hospital or extended care facility or rehabilitation center to receive some of these covered home health services in order to get advantage of the necessary equipment.

No service would be covered as posthosptial extended care or as outpatient diagnostic or posthospital home health services if it is of a kind that could not be covered if it were furnished to a patient in a hospital.

A spell of illness would be considered to begin when the individual enters a hospital or extended care facility and to end when he has not been an inpatient of a hospital or extended care facility for 60 consecutive days.

The deductible amounts for inpatient hospital and outpatient hospital diagnostic services would be increased if necessary to keep pace with increases in hospital costs, but no such increase would be made before 1968. The coinsurance amounts for long-stay hospital and extended care facility benefits would be correspondingly adjusted. For reasons of administrative simplicity, increases in the hospital deductible will be made only when a $4 change is called for and the outpatient deductible will change in $2 steps.

4. Basis of reimbursement: Payment of bills under the basic plan would be made to the providers of service on the basis of the "reasonable cost" incurred in providing care for beneficiaries.

5. Administration: Basic responsibility for administration would rest with the Secretary of Health, Education, and Welfare; however, the administration of benefits for individuals under the railroad retirement system would be transferred to the Railroad Retirement Board if certain financing conditions are met, as explained under the next heading. The Secretary would use appropriate State agencies and private organizations (nominated by providers of services) to assist in the administration of the program. Provision is made for the establishment of an Advisory Council which would advise the Secretary on policy matters in connection with administration.

6. Financing: Separate payroll taxes to finance the basic plan, paid by employers, employees, and self-employed persons, would be earmarked in a separate hospital insurance trust fund established in the Treasury. The amount of earnings (earnings base) supject to the new payroll taxes would be the same as for purposes of financing social security cash benefits. The same contribution rate would apply equally to employers, employees, and self-employed persons and would be as follows:

| | *Percent* |
|---|---|
| 1966 | 0.325 |
| 1967–70 | .50 |
| 1971–72 | .55 |
| 1973–75 | .60 |
| 1976–79 | .65 |
| 1980–86 | .75 |
| 1987 and after | .85 |

The taxable earnings base for the health insurance tax would be $6,600 a year beginning in 1966.

The schedule of contribution rates is based on estimates of cost which assume that the earnings base will not be increased above $6,600.

The benefits for railroad retirement eligibles will be financed by the railroad retirement tax which is automatically increased by the operation of this bill. However, the railroad retirement wage base (now $450 a month) is not affected by this bill and is not within the jurisdiction of the Committee on Finance. Until an amendment is adopted to the Railroad Retirement Tax Act increasing their wage base to an amount equivalent to an earnings base of $6,600 per year, the benefits of railroad eligibles will be financed by the hospital insurance tax and administered by the Secretary of Health, Education, and Welfare; after the increase in wage base the benefits for railroad eligibles will be administered by the Railroad Retirement Board.

The cost of providing basic hospital and related benefits to people who are not social security or railroad retirement beneficiaries would be paid from general funds of the Treasury.

B. VOLUNTARY SUPPLEMENTARY INSURANCE PLAN

1. General description: A package of benefits supplementing those provided under the basic plan would be offered to all persons 65 and over on a voluntary basis. Individuals who elect to enroll initially would pay premiums of $3 a month (deducted, where possible, from social security or railroad retirement benefits). The Government would match this premium with $3 paid from general funds. Since the minimum increase in cash social security benefits under the bill for workers retiring or who retired at age 65

or older would be $4 a month ($6 a month for man and wife receiving benefits based on the same earnings record), the benefit increases would fully cover the amount of monthly premiums.

2. Effective date: Benefits will be effective beginning January 1, 1967.

3. Enrollment: Persons who have reached age 65 before July 1, 1966, will have an opportunity to enroll in an enrollment period which begins April 1, 1966, and shall end on September 30, 1966.

Persons attaining age 65 subsequent to July 1, 1966, will have enrollment periods of 7 months beginning 3 months before the month of attainment of age 65.

In the future, general enrollment periods will be from October 1 to December 31, in each even-numbered year. The first such period will be October 1 to December 31, 1968.

No person may enroll more than 3 years after the close of the first enrollment period in which he could have enrolled.

There will be only one chance to reenroll for persons who are in the plan but drop out, and the reenrollment must occur within 3 years of termination of the previous enrollment.

Coverage may be terminated (1) by the individual filing notice during an enrollment peirod, or (2) by the Government, for nonpayment of premiums.

A State would be able to provide the supplementary insurance benefits to its public assistance recipients who are receiving cash assistance if it chooses to do so.

4. Benefits: The voluntary supplementary insurance plan would cover physicians' services, chiropractic and podiatrists' services, home health services, and numerous other medical and health services in and out of medical institutions.

There would be an annual deductible of $50. Then the plan would cover 80 percent of the patient's bill (above the deductible) for the following services:

1. Physicians' and surgeons' services, whether furnished in a hospital, clinic, office, in the home, or elsewhere.

2. Chiropractors' services.

3. Podiatrists' services.

4. Home health service (with no requirement of prior hospitalization) for up to 100 visits during each calendar year.

5. Diagnostic X-ray and laboratory tests, and other diagnostic tests.

6. X-ray, radium, and radioactive isotope therapy.

7. Ambulance services.

8. Surgical dressings and splints, casts, and other devices for reduction of fractures and dislocations; rental of durable medical equipment such as iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home, prosthetic devices (other than dental) which replace all or part of an internal body organ; braces and artificial legs, arms, eyes, etc.

There would be a special limitation on outside-the-hospital treatment of mental, psychoneurotic, and personality disorders. Payment for such treatment during any calendar year would be limited, in effect, to $250 or 50 percent of the expenses, whichever is smaller.

5. Administration by carriers: Basis for reimbursement: The Secretary of Health, Education, and Welfare would be required, to the extent possible, to contract with carriers to carry out the major administrative functions relating to the medical aspects of the voluntary supplementary plan such as determining rates of payments under the program, holding and disbursing funds for benefit payments, and determining compliance and assisting in utilization review. No contract is to be entered into by the Secretary unless he finds that the carrier will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as he finds pertinent. The contract must provide that the carrier take necessary action to see that where payments are on a cost basis (to institutional providers of service), the cost is reasonable cost. Correspondingly, where payments are on a charge basis (to physicians or others furnishing noninstitutional services), the carrier must see that such charge will be reasonable and not higher than the charge applicable, for a comparable service and under comparable circumstances, to the other policyholders and subscribers of the carrier. Payment by the carrier for physicians' services will be made on the basis of a receipted bill, or on the basis of an assignment under the terms of which the reasonable charge will be the full charge for the service. In determining reasonable charges, the carriers would consider the customary charges for similar services generally made by the physician or other person or organization furnishing the covered services, and also the prevailing charges in the locality for similar services.

6. Financing: Aged persons who elect to enroll in the supplemental plan would pay monthly premiums of $3. Where the individual is currently receiving monthly social security, railroad retirement, or civil service retirement benefits, the premiums would be deducted from his benefits.

The Government would help finance the supplementary plan through a payment from general revenues in an equal amount of $3 a month per enrollee. To provide an operating fund, if necessary, at the beginning of the supplementary plan, and to establish a contingency reserve, a Government appropriation would be available (on a repayable basis) equal to $18 per aged person estimated to be eligible in January 1967 when the supplementary plan goes into effect.

The individual and Government contributions would be placed in a separate trust fund for the supplementary plan. All benefit and administrative expenses under the supplementary plan would be paid from this fund.

Premium rates for enrolled persons (and the matching Government contribution) would be increased from time to time if program costs rise, but not more often than once every 2 years. The premium rate for a person who enrolls after the first period when enrollment is open to him or who reenrolls after terminating his coverage would be increased by 10 percent for each full 12 months he stayed out of the program.

C. IMPROVEMENT AND EXTENSION OF KERR-MILLS MEDICAL ASSISTANCE PROGRAM

1. General description: A single and separate medical care program could, at the option of the State, be established to consolidate and expand the differing provisions for the needy which currently are found in five titles of the Social Security Act.

The new title (XIX would extend the advantages of an expanded medical assistance program not only to the aged who are indigent but also to needy individuals in the dependent children, blind, and permanently and totally disabled programs and to persons who would qualify under those programs if in sufficient financial need.

Medical assistance under title XIX must be made available to all individuals receiving money payments under these programs and the medical care or services available to all such individuals must be equal in amount, duration, and scope. Effective July 1, 1967, all children under age 21 must be included who would, except for age, be dependent children under title IV.

Inclusion of the medically indigent aged not on the cash assistance rolls would be optional with the States but if they are included, comparable groups of blind, disabled, and parents and children must also be included if they need help in meeting necessary medical costs. Moreover, the amount and scope of benefits for the medically indigent could not be greater than that of recipients of cash assistance.

A State would have the option of continuing under the vendor medical provisions of existing law or adopting the new program.

2. Effective date: January 1, 1966.

3. Scope of medical assistance: Under existing law the State must provide "some institutional and noninstitutional care" under the medical assistance for the aged program. There are no minimum benefit requirements at all under the other public assistance vendor medical programs.

The bill requires that by July 1, 1967, under the new program a State must provide (1) inpatient hospital services, (2) outpatient hospital services, (3) other laboratory and X-ray services, (4) physicians' services (whether furnished in the office, the patient's home, a hospital, a skilled nursing home, or elsewhere), (5) dental services for individuals under the age of 21, and (6) skilled nursing home services for individuals 21 years of age or older in order to receive Federal participation. Coverage of other items of medical service would be optional with the States.

4. Eligibility: Improvements would be effectuated in the program for the needy elderly by requiring that the States must provide a flexible income test which takes into account medical expenses and does not provide rigid income standards which deny assistance to people with large medical bills. Similarly the bill provides that no deductible, cost sharing, or similar charge may be imposed by the State as to hospitalization under its program and that any such charge on other medical services must be reasonably related to the recipient's income or resources. Also important is the requirement that elderly needy people on the State programs be provided assistance to meet the deductibles that are imposed by the new basic program of hospital insurance. Also where a portion of any deductible or cost sharing required by the voluntary supplementary program is met by a State program, the portion covered must be reasonably related to the individual's income and resources. No income can be imputed to an individual unless actually available; and the financial responsibility of an individual for an applicant may be taken into account only if the applicant is the individual's spouse or child who is under age 21 or blind or disabled.

5. Standards as to quality of care and safety: It is required that the States include in their State plans descriptions of the medical staff utilized and the standards for institutions providing medical care and that the Secretary of Health, Education, and Welfare promulgate minimum standards relating to fire and other hazards for such institutions, which must be included in the State plans.

6. Increased Federal matching: The Federal share of medical assistance expenditures under the new program would be determined upon a uniform formula with no maximum on the amount of expenditures which would be subject to participation. There is no maximum under present law on similar amounts for the medical assistance for the aged program. The Federal share, which varies in relation to a State's per capita income, would be increased over current medical assistance for the aged matching so that States at the national average would receive 55 percent rather than 50 percent, and States at the lowest level could receive as much as 83 percent as contrasted with 80 percent under existing law.

In order to receive any additional Federal funds as a result of expenditures under the new program, the States would need to continue their own expenditures at their present rate. For a specified period, any State that did not reduce its own expenditures would

be assured of at least a 5-percent increase in Federal participation in medical care expenditures. As to compensation and training of professional medical personnel used in the administration of the program, the bill would provide a 75-percent Federal share as compared with the 50–50 Federal-State sharing for other administrative expenses.

7. Administration: The bill provides that any State agency may be designated by the State to administer the program, as long as the determination of eligibility is accomplished by the agency administering the old-age assistance program.

Mr. KUCHEL. Mr. President, the improvements the committee has made in the Kerr-Mills Medical Assistance Act are commendable.

Where health care costs are two and a half times more for those over 65, it is clear, it seems to me, that private health care plans simply cannot meet the needs of our senior citizens, unless younger people are charged substantially more in order to pay the hospitalization bills of their elders. Yet a public plan which covers only one-third of the potential costs by itself would be inadequate. Together, both public and private sectors, by complementing each other, can help in bringing relief to alleviate the very real fear which confronts many older Americans—the fear of helplessness when confronted with catastrophic illness. This approach, I am confident, will secure the approval of Congress and enable all of us to edge a bit closer to building the better America for millions of our fellow citizens.

Mr. MONDALE. Mr. President, I am a firm supporter of H.R. 6675, the bill authorizing health insurance and medical care for the aged. I cosponsored S. 1, the original medicare proposal, feeling that it was a constructive first step in meeting the undeniable health care needs of our senior citizens. The bill which we will pass today has been much improved on by the House and by the Senate, and now includes a voluntary program for coverage of physicians' services, as well as greater hospitalization coverage. I intend to cast my vote in favor of this legislation.

In passing this bill, we take a major step toward solving one of the most serious domestic problems to face the Nation since the depression of the 1930's. The need is obvious. Anyone who has paid a hospital bill out of his own pocket in recent years knows how high this expense runs. It takes, on the average, only 25 to 30 days to run up a bill of $1,000, quite apart from the doctor's bills.

People over 65 years of age require more hospital care—almost three times as much as those under 65. Their annual income is only one-half as large, while their medical care costs are two and one-half times as large. Eighty percent of the elderly suffer from some chronic ailment, and only 10 to 15 percent of their medical expenses are reimbursed by insurance.

For them, minor illness is a major tragedy, decimating the accumulated savings of a lifetime. The aged should not have to live in a world where dignity and pride are sacrificed for survival, where contentment is an unattainable luxury, and where hope is a myth and a mockery.

In the words of our late President, John F. Kennedy:

> It is not enough for a great nation to have added new years of life—our objective must be to add new life to those years.

Arnold Toynbee once made the observation that the quality and durability of a society can best be measured by the "respect and care given its elderly citizens."

This bill reflects the belief of all Americans that one's later years should be his best years, where the dramatic results of new medicines and new health care methods, opening the way to a fuller and more useful life, should not be beyond the reach of those who need them most. The cost of this program will be high, $7 billion, but we must never forget that in this country our aim is to develop our wealth, not for its own sake, but only as a means to help people live the sort of life that we want in a democracy.

And so, the health insurance bill—the medicare bill—will provide three new programs of health insurance and medical care for the aged under social security: First, basic hospital insurance; second, a voluntary plan for physicians' services; third, an expanded Kerr-Mills medical care program.

Mr. President, in the controversy and discussion of these provisions of medical care for the aged, we must not forget that this legislation contains other programs of an equally important nature. I would dare say that few people outside the Congress know that this bill takes new steps in expanding services for maternal and child health programs, assistance for crippled children, and other child welfare aids.

As well, this bill authorizes special grants to provide health care and services for our very young children, particularly in areas of poverty. We will spend additional sums to discover means to prevent and treat the illnesses of emotionally disturbed children.

With the medical knowledge and social insight we possess today, we can prevent or reduce substantially the effects of mental retardation, which today disables 10 times as many children as diabetes, 25 times as many as muscular dystrophy, and 600 times as many as infantile paralysis.

I am most happy that this legislation recognizes those needs. Our young, fresh, and eager children are this Nation's greatest resource, and we simply cannot afford to deny them the opportunity to live a full and rich life, nor can we afford to rob our society of the contributions they will make. We must take these steps to help our mentally ill and mentally retarded children, because to abandon them to the cold impersonalism of too many institutions in the United States inflicts on them and on their families a needless cruelty which we should not tolerate.

This historic piece of legislation also provides for an expanded medical assistance program for the needy, the blind, and the disabled, plus a 7-percent, across-the-board increase in social security benefits for some 20 million Americans.

I support this bill and am confident that it will pass the Senate overwhelmingly. It is not a new concept, or a radically new program, but is the response we should make to a need that has gone too long unmet.

Mr. WILLIAMS of Delaware. Mr. President, there are many provisions in H.R. 6675 of which I approve. For example:

First. I support those provisions of H.R. 6675 wherein it provides for an increase in social security benefits.

Last year Congress approved a similar increase in social security payments, but it was defeated in conference by the administration, and this present increase merely carries out our commitments to these pensioners.

Second. I am glad that the Senate has accepted my amendment to increase from $1,200 to $1,300 the limitation on earnings of social security pensioners. This is a long overdue correction of an unduly restrictive proposal.

Third. As one who supported the original Kerr-Mills Act, I was glad to support the expended benefits of this program as provided under this bill. I only regret that more States, including my own, had not seen fit to have extended to our elderly citizens who needed medical assistance the benefits of this program, which was first enacted in 1960.

However, I object to and cannot support certain other provisions of this bill wherein it is proposed to provide free or subsidized hospitalization and medical benefits to all over age 65 without any regard to their need. I have strongly supported the Kerr-Mills proposal which, if fully implemented by the States, would have provided hospitalization and medical benefits for all elderly citizens who through no fault of their own need such assistance, but I do not understand the necessity for providing free hospitalization and medical attention for those over 65 who have adequate resources to pay their own expenses.

Furthermore, to have the cost of such a program financed by a flat payroll tax is unfair for various reasons:

First. By financing this medicare with a payroll tax it means that a younger worker earning $6,600 per year pays exactly the same tax—toward financing this program—as does the man earning $66,000 or the one earning $666,000. Heretofore our whole principal of Government has been based on the idea that governmental programs would be financed by a tax levied on the basis of the ability of the American citizen to pay rather than on a flat per capita basis. I am surprised that representatives of labor have endorsed such a regressive form of taxation.

Second. Under this payroll-tax method of financing it means that all workers under the age of 65 must pay an extra tax to finance the medical benefits of those over 65 who are now blanketed in under this program. They must pay a tax to build up a reserve for their own medical benefits when they reach the age of 65. In addition, these same work-

ers will still have to carry hospitalization and medical insurance, such as Blue Cross or Blue Shield, to take care of their children and themselves until they reach the age of 65. This extra payroll tax is loaded on these members of the labor force at a time when they are struggling to support their familes, educate their chidren, and pay for their homes.

Under the Kerr-Mills bill all of these elderly citizens who needed assistance, hospitalization or medical, would have been provided such care, but the difference lies in the method of financing. That program is financed by additional income taxes collected from all people based on their ability to pay.

As a specific example I cite one individual case which was called to our attention. This man and his wife are over 65 and have retired with an independent income in excess of $500,000 per year. During his working period this individual had been covered under social security. Under the provisions of this bill this man, with an independent annual income of over one-half million dollars, will be entitled to free hospitalization and medical benefits without the payment of an additional dime, the full cost being paid by the workers of America. To emphasize the unfairness of this new method of taxation let us follow the case of this individual further. Yesterday the Senate rejected the Curtis amendment which would have provided adequate hospitalization and medical services based on the need of the individual and the amendment which would have changed the method of taxation to finance the program through income taxes rather than wage taxes. Had these two proposals been adopted this same individual with a half-million-dollar income would have continued to pay his proportionate part of the costs to the Government to provide such assistance. In addition, as a retiree who did not need Government assistance he would have continued to pay for his own medical expenses. Now, with the enactment of this bill, which finances the cost of those receiving such medical benefits by levying an increased payroll tax on the workingman, he will be relieved of his obligation as a taxpayer to help those others, who were less fortunate, and at the same time he and his wife will be eligible for free or subsidized hospitalization and medical expenses paid for by the current labor forces. These workingmen who are trying to raise their families and pay for their homes certainly need the money more than he does.

Third. Many men working for our major companies are presently under contracts which have been negotiated by their unions wherein they are entitled to far greater benefits upon retirement than those provided under this bill. Thus the enactment of this bill to many of these workingmen will provide absolutely no additional benefits except the dubious privilege of paying for something which they are already getting at the expense of the employers. The merging of this new medicare program with their present benefits will result in no additional benefits to these employees, but it will represent a substantially reduced cost to the employers. It will be a windfall for some of these companies, financed by a payroll tax on their own employees.

Fourth. A further argument against this bill is that after it was passed by the House of Representatives even the administration recognized what a monstrosity they were supporting and asked the Senate to extend the effective date of some of the major portions of this new program to January 1967 to enable them to unscramble the bill and make plans as to how they could even begin to implement such a multibillion-dollar program.

Fifth. Another weakness in this proposal, assuming that such a proposal is to be enacted, is that it does not take care of the very cases which are described as worthy. For example: This bill does not take care of the catastrophic illnesses of our aged which is the primary worry of every retired individual. Many of our aged are well able and willing to pay for their normal medical costs, but what worries them is what would happen if the man or his wife were confined to the sickbed over an extended period of time with an illness or injury that necessitated expensive surgery and medical attention, with the result that it could consume all of their life's savings. Such catastrophic cases are not covered under this bill. The individual would be taken care of for a limited time only, following which he would have to assume the full responsibility and still conceivably could lose all of his life's savings.

Finally, the addition of the so-called medicare provision to the social security program represents a radical departure from the basic purpose of the program as we know it today; namely, a program of cash benefits to retired individuals to help them meet the cost of their varied needs after retirement. At the present time social security payments can be used by the retiree for any purpose he sees fit.

The medicare proposal, however, for the first time, taxes workers under the social security program for later benefits—if needed—of a specific type. Unlike social security cash benefits, which the individual can use for whatever he wishes, these new benefits would not be under the control of the retiree. He would be required to use them for hospital or nursing home care or he would not get them. This would seem to violate the concept of social security which holds that the individual has a right to benefits under the program whether he needs those benefits or not, to do with as he pleases because he had paid for them.

But in this bill we are establishing a precedent wherein the social security program will be used to provide the payment of specific personal needs rather than cash payments to be used as the retiree sees fit. Having established that precedent, it would be but a short step to a program next year, say, for a wage tax earmarked specifically for the payment of rent, and perhaps the next year other payments earmarked specifically for the payment of clothing purchases, and then one for food only, or transportation, or even entertainment. I am quite certain that the fertile bureaucratic mind will have no difficulty in dreaming up an endless variety of schemes once this major breakthrough has been achieved.

In conclusion, I point out that I think the Federal Government and our States working together do have a responsibility to enact a program which would guarantee to every American citizen the proper medical attention when such citizen is unable to provide this service for himself. I have supported such legislation and appropriations under the Kerr-Mills bill and other similar measures, but I disagree completely that the Federal Government should assume the responsibility of providing complete medical services, selecting the doctors and hospitals, and so forth, for every individual in America regardless of whether he needs such assistance or not.

Such a program of complete coverage without regard to need is socialized medicine and it has failed in practically every country which has thus far tried it. In every instance it has resulted in a deterioration of doctors' services.

We in America today enjoy not only the highest living standards but also the highest health standards of any country in the world and this has been achieved under a free medical society.

Under this bill the payroll tax reaches a new high of 11½ percent and even then the cost of the bill being passed here today is not adequately financed.

Tying the cost of this new medicare proposal to social security only further undermines the financial soundness of that program.

This program has been vastly oversold. Many of our elder citizens will be greatly disappointed after this bill is enacted in that their medical costs are not fully covered as they have been led to expect.

No provision is being made to take care of the overcrowding of our hospitals or the lack of doctors that will develop under such a governmental planned system of medicine.

Opposing this program here today does not mean that we are indifferent to the plight or needs of our elderly citizens, but as we recognize and make provisions to discharge our responsibility to our elderly citizens let us not destroy those principles which have made this country great.

This administration has been boasting about its tax reductions for the low income taxpayers, but let us examine those tax reductions when compared or related to the tax increases for these same people as provided for under this bill.

The bill not only increases the total social security tax rate on individuals from 3.625 percent under present law to 5.75 percent by 1987, but also increases the wage base to which this higher tax rate applies from $4,800 at present to $6,600 beginning next year—1966. In some instances, as I shall point out, the increased taxes under this bill exceed the amount of tax reduction provided by last year's bill.

Workers in these situations are going to end up paying more in Federal taxes than they paid before the widely heralded tax reductions occurred. For

them, tax reduction must be an illusion—or perhaps more properly, a delusion.

Thus, a single worker who earns $6,600 a year and who claims a standard deduction would have paid Federal income taxes of $1,188.40 and OASDI taxes of $174 in 1963. In 1966, after the income tax cut is fully effective he would owe $984.80—a reduction of $203.60. But under this bill his social security tax would go up from $174 to $275.55—a great increase of $101.55.

The effect is a tax reduction of—not $203.60—but only $102.05. And, more importantly, even this tax cut vanishes by 1987 when the social security tax under this bill finally becomes fully effective. At that time instead of a tax cut this worker will have to pay $1.90 more taxes than he did before the 1964 act.

If he were married but had no other dependents, by 1987 he would be paying $3.30 more in Federal taxes than before the 1964 income tax cuts, and if he were married and had two dependents he would have to pay $39.30 more than before his taxes were cut.

If his income were $5,600 and he had a wife and two dependents, by 1987 instead of a tax reduction of $142 he would be paying $148 in new social security taxes—a net increase of $6 more than before his taxes were cut.

There are many, many similar instances which further illustrate this phantom tax cut.

A married worker with two dependents earning $4,800 will find his $125 tax cut of 1964 reduced to $98.60 by 1966; by 1987 it has dwindled to only $23. If he is single with no dependents his tax cut of $142 shrinks to $115.60 in 1966. By 1987 his net reduction is a mere $40.

If he earned $5,600 his $167.60 cut under the 1964 act is diminished by 1966 to only $107.80. After the social security taxes become fully effective in 1987 his net tax cut is a pathetic $19.60.

These examples are sufficient to indicate that much of the economic effect of the 1964 tax cut is going to be offset next year by the new tax bite provided under this social security-medicare tax bill. And the impact I have described relates only to individuals. Under our social security system business must pay a tax equal to the tax his employees pay. The new employer tax necessitated by this bill can have but one consequence—an overall reduction in the cash flow of American business, with all the ramifications that entails.

Until now the trend of tax legislation and administration has been to increase the cash flow of business. Abruptly, H.R. 6675 reverses that trend in a move which could well jeopardize the health and well-being of our national economy.

This bill makes it clear that in the Great Society tax cuts of one day become tax increases on another.

Mr. McINTYRE. Mr. President, today is a momentous one in history. I hope that today the Senate will complete its action on the pending bill; and with its completion, the long struggle for a comprehensive system of medical care for our Nation's aged will, in effect, have been won.

No longer will the fear of financial ruination, as a result of poor health, face our senior citizens or their families. In the short time it takes to record one vote of the Senate, later today, we shall wipe out a specter which for too long a time has haunted our great American society.

It is true that other nations have adopted medical care plans for their citizens. What makes this bill so unique in history is its method—one which preserves to the fullest the finest aspects of our national themes of free enterprise and freedom of choice; for this is no socialized medicine plan; this is no compulsory medical service program. Through the conservative mechanism of an insurance framework, we have succeeded in establishing a program which is characteristically American, both in its preservation of our traditional medical system and in its expression of concern for the well-being of those unable to face the twin menaces of poor health and aged poverty.

I shall be proud to vote for the pending bill. Casting my vote in the affirmative will be an act which I shall long remember.

You know, Mr. President, I have been a supporter of medicare since I arrived in the Senate, and even before that time. Last night, I was looking through some old materials which I had used in my campaign. One of the cards read, "Vote for Tom McIntyre—for medical care for the aged." I campaigned hard for medicare; and the citizens of the State of New Hampshire responded by sending to the Senate the first member of my party to come from my State in a generation.

Today, Mr. President, I shall fulfill my pledge to the voters: They will receive the program which they, in their wisdom, have chosen.

Mr. President, on behalf of the people of my State, who have expressed themselves so clearly on this issue, I extend our deep appreciation to the Members of the Senate who have made this day possible. The Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Florida [Mr. SMATHERS], the Senator from Illinois [Mr. DOUGLAS], and the able manager of the bill, the Senator from Louisiana [Mr. LONG], all hold our gratitude and our appreciation.

Mr. SALTONSTALL. Mr. President, I support H.R. 6675. I do so because I believe it represents an important and necessary step forward with respect to many programs which are so important to millions of Americans. It increases social security benefits for our retired workers, an action which is long overdue. It improves and expands public assistance programs for the needy aged, blind, disabled, and families with dependent children. It expands services for material and child health, crippled children, child welfare and the mentally retarded, and establishes special project grants to provide comprehensive health care and services for needy children of school age or preschool age. It improves and extends the Kerr-Mills program.

These are impressive accomplishments. Perhaps even more significant, however, is the fact that the measure provides for a medicare program for all individuals age 65 and over. For the first time in our history, Congress is about to enact legislation which will help all our older citizens to meet their medical expenses. While I personally believe that a voluntary program financed from general revenues and reaching those elderly people who need help in meeting medical expenses, is preferable to the medicare program before us today—one which is compulsory, financed by a payroll tax which falls heaviest on people of lower income, and available to all citizens over 65 whether or not they are fully able to meet their own medical expenses—I do believe that the time has come when we must enact legislation which will go beyond the group assisted by the Kerr-Mills act and which will avoid some of the burdensome means test requirements which have been established in some States under that act.

In each Congress beginning in 1960 I have filed medicare bills. The basic principles of these proposals have remained the same although the original bill has been revised and improved some over the years. Essentially, the approach is for a voluntary, State-administered medical care program for persons 65 years and older with low or moderate incomes, to be financed out of general revenues, with Federal-State matching. I believe it is a better approach than that provided in the bill we are now considering, but I can count votes and am realistic enough to recognize that the only kind of health insurance and medical care for the aged provision which has a chance of being included in this far-reaching measure is the one which is before us. I think the need for medicare legislation is great, and I think we must act now. I believe the proposal of the administration has been improved significantly in the past two years, and, therefore, although I have serious doubts about the wisdom of proceeding in this particular way, with respect to the medicare portion of the bill, I intend to vote in favor of H.R. 6675.

We all recognize that Social Security benefits have not kept pace with the rise in the cost of living and that it has become increasingly difficult for our older citizens who depend primarily on them to live satisfactorily. I think, therefore, that we all applaud the 7-percent across-the-board increase in benefits, retroactive to January 1965, for the 20 million social security beneficiaries on the rolls.

I personally have introduced bills to increase the earnings limitation for social security recipients to $1,800 from the present unrealistic figure of $1,200 and to enable children to receive children's benefits under social security to age 22 when enrolled full time in school. I am glad that both have been included in this bill; nearly 300,000 children will benefit under the latter provision alone. Among other changes included in H.R. 6675 are actuarially reduced benefits for workers retiring at age 60 rather than requiring them to wait until they reach 62 and assistance for some 355,000 people age 72 and over who have lacked sufficient quarters under social security to qualify for cash benefits. As I have

mentioned, the bill also demonstrates the concern of Congress in improving the daily lives not only of our older citizens but also of the physically handicapped, the mentally retarded, and families with dependent children. In these and other ways, then, the bill is most helpful and most desirable.

I turn now to the health and medical care provisions of the bill. Here again the Congress is responding to a need that we know exists.

Soon more than 20 million Americans will have reached the age of 65. As the age span of the American people has been extended, the special problems which confront older citizens have received increasing attention. Rising medical costs, reduced incomes, and the increased medical services which older people require, combine to create a situation in which many of our aged citizens cannot afford to pay for the health care they need. According to the Public Health Service, the yearly amount the average American spends on medical bills has increased more than six times since 1939. The American Hospital Association tells us that the typical cost per patient for a day in the hospital has increased 400 percent in the past 20 years, and that in 1967 the average daily charge will be $47. We know that Governor Rockefeller's committee on hospital costs has reported that if recent hospital trends continue, the daily cost of hospitalization in New York will be nearly $100 by 1973, with $1,066 being the total bill for an average stay of 10 days. Recently the expense of hospital care has been increasing four times as fast as the cost of living. Even though the percentage of persons 65 and older who have some form of health insurance has more than doubled in the past 13 years—rising from 26 to 60 percent and is increasing 4 times as fast as that for all other age groups combined—the fact remains that some people who need coverage cannot afford it, and others who have it cannot afford as much as they need.

I am glad that we are acting to expand the provision of the Kerr-Mills Act which has been implemented in 40 States and 4 jurisdictions and has been authorized in 3 other States. I am glad also that we are removing some of the flaws which experience has revealed in the way the act actually operates.

By establishing a single medical care program to replace the varying provisions for the needy which currently are found in five different titles of the Social Security Act, the bill extends the provisions of the Kerr-Mills program to other needy people, such as those on the dependent children, blind, and permanently and totally disabled programs. By setting forth certain minimum benefit requirements which participating States must provide by July 1, 1967, in order to receive additional Federal funds, the bill makes it likely that additional benefits will be extended to many people who need them. It also removes the financial responsibility of children of the aged for meeting their parents' medical expenses before Kerr-Mills can become operative; provides a more flexible means test; and increases somewhat the Federal share of expenses under the program.

Kerr-Mills clearly is not enough, however, and thus we are proposing to add a new title XVIII to the Social Security Act providing two related health insurance programs for persons 65 or over.

I have said that I have reservations about placing health care under a social security or payroll tax, as H.R. 6675 provides. I want to discuss that and other features of the medicare section of the bill with which I disagree, but first, as one who has long been interested in this subject, I want to mention some of the ways in which I think the measure has been improved over previous versions.

The voluntary supplementary feature, which has been added to the administration's bill, provides medical services, including physicians' and surgical services, which are essential to any meaningful program. It is satisfying to me that a number of the features which have been part of my own proposals have found their way into this section of the administration bill, because I believe that our older citizens, who lack funds to meet their medical expenses, need help with their doctors' and surgical bills. I still believe that it is wrong to require that nursing home care must be preceded by a stay in the hospital, and I regret that no provision was made for prescribed drugs outside the hospital since such drugs comprise about 26 percent of an aged person's annual medical expenses.

I am pleased, however, that the amendment offered on the floor by the senior Senator from New York [Mr. JAVITS] and myself providing for a study by the Department of Health, Education, and Welfare on the advisability of including drugs, prescribed for treatment outside of the hospital or nursing home, under the supplementary benefits portion of the program, was accepted and that HEW will have to report to Congress by June 30, 1966, on this important matter.

I am also pleased that the Senate accepted my amendment removing the requirement that people over 65 must be hospitalized for 3 consecutive days before becoming eligible for the 175 home health care visits provided in the bill, thus permitting individuals to receive home health care without prior hospital confinement. I believe that requiring prior hospitalization is shortsighted because individuals would be encouraged to enter hospitals for illnesses which could be treated at home just as well, tending to add unnecessarily to already overcrowded hospital conditions, and to hike the cost of health care. By obtaining care at home when an illness first develops, many of our older citizens will be spared serious illness which would necessitate their confinement to a hospital for an extended period.

We must remember that under this bill an individual must pay a $40 deductible for the first 60 days of hospital care and also $10 a day for the next 60 days if additional care is needed. This could impose a financial burden on many persons of low income. I believe it makes good sense to give our people help when and where they need it, to keep our hospital beds free for those who actually require hospitalization, and to cut down on the high costs of medical care to individuals wherever possible.

Now let me turn for a moment to the provision that health care should be financed by a payroll tax which would be kept separate from the Social Security tax.

The cost assumptions which underlie the health care program differ significantly from those underlying the cash benefit program of Social Security, and therefore, it is important to separate them with different trust funds and boards of trustees. I am glad they have been separated, but I think their separation cannot hide the fact that for the first time we are changing the purpose for which the payroll tax has been used. This may have unfortunate results in the future as I stated in my testimony before the Finance Committee in May of this year.

Just as today we recognize that some adjustment in social security benefits is in order to keep pace with rising living costs, so inevitably the day will come when the Congress will decide that a further adjustment upward is called for. If H.R. 6675 is enacted, for the first time we will be linking to the social security system a service benefit as opposed to a cash benefit.

That is, we will be providing payment for a service such as hospitalization, regardless of what that service may cost; that is something quite different from providing for the payment of a specified amount of dollars at some future date. We must recognize that this will place a strain on the system. A future Congress may not be able to provide increased cash benefits under the social security program because so much revenue from the payroll tax will be going into medical care. There has been general agreement that there is a limit to the payroll tax. We know that WILBUR MILLS, chairman of the House Ways and Means Committee, supports this bill. I am impressed, however, with a statement he made last September on this very point. Chairman MILLS said:

> I have always maintained that at some point there is a limit to the amount of a worker's wages, or the earnings of a self-employed person, that can reasonably be expected to finance the social security system. Not only is this a gross income tax, but it adds to the cost of American goods and services and thus affects our competitive position. I do not believe that the American people will support unlimited taxation in the area of social security.

In December of last year, Chairman MILLS raised other important questions which relate specifically to the problem at hand and are worth recalling. He said:

> We must remember that the primary needs of our senior citizens are for adequate cash benefits. The amount must be sufficient to produce a dignified standard of living when added to other spendable assets characteristic of the aged. Further, the amount must be raised periodically to keep in step with decreasing purchasing power of the dollar. A payroll tax to pay for health benefits, as I have stated before, should not be added to or harnessed with one to pay for cash benefits. Health expenses are less predictable and they are rising considerably faster. Within a tight coupling, the cash benefit would, in all probability, be compromised and the danger

increased of stressing health care at the expense of the root factors of food, shelter, and clothing.

There are still other objections to the use of a payroll tax to finance health care costs. Undeniably, a payroll tax is a regressive tax which falls hardest on those least able to pay. Under H.R. 6675, a person earning $6,600 would have to contribute as much as a person earning $66,000. General revenue financing, on the other hand, calls on people to contribute according to their income level. This seems to me to be the proper way to proceed—under the graduated income tax system, rather than on the regressive payroll tax. We must remember, too, that approximately 40 percent of our income sources—that is, corporate and other sources—would be excluded under the payroll tax procedure. General revenue financing would provide assistance through use of taxes involving all types of income.

Although the method of financing a health care program seems basic to me, I have reservations about several other aspects of the program provided in H.R. 6675. I personally favor a voluntary rather than a compulsory plan of medicare. I also favor a maximum role for the States in the administration of this program and wish the bill might have been a little more specific in providing for it. I was glad to hear the distinguished Senate majority whip and acting chairman of the Finance Committee, Senator RUSSELL LONG, say that he thinks an important role will be provided for the States in the administration of this program. I hope the Secretary of the Department of Health, Education, and Welfare will use his authority with discretion and that wherever possible he will seek to utilize the facilities available in the States.

I believe, too, that Federal health care programs for the aged should provide assistance to those who need help rather than to all individuals. Some people aged 65 and over are fully able to meet their medical costs. If a variation of the income test provided for in S. 395, which I sponsored this year with Senators AIKEN, COTTON, MORTON, PROUTY, and SCOTT, or that included in the proposal advanced by the Senate majority whip, Senator LONG, were made a part of the proposal, it would mean that more funds would be available to provide more benefits to people who really need assistance in meeting their medical expenses.

I know full well, however, that the give and take of the legislative process means that few bills evolve in exactly the way we think they should. There are some fundamental parts of the medicare section of this bill which disturb me. I do think, however, that the time for action is at hand. Millions of Americans 65 and over need help now in meeting their medical expenses, and I believe we must provide that help.

I am equally convinced that we must do something to increase the social security benefits for retired workers, to offset the rise in the cost of living which has taken place since we last acted to improve the benefits. Millions of Americans were disappointed last year when the increase we voted failed to be enacted into law because the House and the Senate could not agree about the medicare section of the bill. We must remedy that situation now.

That is why I am going to vote for H.R. 6675.

Mr. CLARK. Mr. President, the senior Senator from Oregon delivered an extremely fine speech yesterday afternoon relative to the administrative arrangements for the prospective medicare program. The essence of his remarks as I understand them was that in every instance where administrative responsibilities are to be delegated or assigned by the Secretary of HEW under part A of the program, preference should be given to State and local public health agencies willing and capable of performing those functions.

Mr. President, I believe that the views of the Senator from Oregon on this matter are consistent with the public interest and requirements of public responsibility and accountability in a tax-supported program. I, therefore, wish to associate myself with the views expressed by the Senator from Oregon.

RETIREMENT AT 60 AMENDMENT URGENTLY NEEDED

Mr. PROXMIRE. Mr. President, earlier the Senate adopted the amendment by the distinguished Senator from West Virginia [Mr. BYRD] permitting retirement under social security at 60 with a reduction in benefits to two-thirds of the full level.

This is an amendment I enthusiastically support. Back in 1962 I introduced a precisely similar amendment as a bill. I introduced it again in 1964. The amendment provides an immensely valuable option in several ways.

In the first place it permits a person who may have other income and chooses for a variety of reasons to retire 5 years early and to do so without any, I repeat without any, additional cost to the Government or to the social security system. This is because his contributions will cover his reduced level of benefits as fully as if he had waited until 65 and retired at full benefits.

This free option fits into our free economy. There are thousands of wives who wish to retire with their husbands. If they are 4 or 5 years younger it is difficult to do it. If this amendment prevails in conference, they can.

There are many persons who are ill, or who are employed in physically exhausting, highly demanding work, unsuitable for persons of more advanced age. And there are many thousands of persons who at 60 have worked hard for 40 years or so and just want to have some time to fish, hunt, sit by the fire, travel, and take it easy.

In a free country, as many people as possible should have that option.

After all, we already permit people to retire at 62 with 80 percent benefits, and many take advantage of that.

But Mr. President, as a member of the Joint Economic Committee I am deeply conscious of another very significant reason why this early retirement option is so useful.

After the longest period of continuous prosperity this country has enjoyed in many years, there are still millions of Americans out of work.

This amendment will enable 3½ million persons now working to retire at once and receive two-thirds social security benefits. Senator BYRD estimates that 900,000 will choose this option. His estimate is realistic, but even if he is only half right—if only about 500,000 choose it, this means that 500,000 jobs will open up to our unemployed work force.

Now I ask what Government program that costs nothing can open up hundreds of thousands of jobs, and do so on the basis of increasing the option, the choice of Americans to work or to retire a little earlier.

Mr. President I fervently hope the Senate conferees will fight hard in conference for this amendment.

I have talked with literally thousands of Wisconsin workers at plant gates over the past few years, and there is literally nothing this Government could do that would be more widely welcomed than to adopt this amendment. I know I speak for thousands and thousands of Wisconsin workers who want this amendment kept in the bill in conference. I know he has Wisconsin's heartfelt support on this score when he goes to conference.

Mr. JORDAN of Idaho. Mr. President, it is with a feeling of deep regret that I shall vote against H.R. 6675. I had hoped that this Congress could devise an improved social security plan that would provide substantial increases in the lower brackets tapering off to a cost of living increase for those in the upper brackets of social security.

I had hoped that the earnings of those on social security could have been increased from $1,200 per year to at least $1,800 without penalty against amounts received under social security. This bill does do that.

I had hoped that the present Kerr-Mills law would have been improved by using some reasonable measure of income to insure that those in need would be cared for while those with cash or other resources above a reasonable base would be required to provide their own hospital and medical costs.

I think it is unfortunate that we must accept or reject all suggested reforms in the 387-page single package identified as H.R. 6675. By any reasonable standard this bill is disappointing.

I shall always support the proposition that our society is affluent enough and compassionate enough to provide adequate hospital and medical services for those needy persons who cannot provide for themselves. This bill departs completely from this philosophy.

H.R. 6675 does not meet my hopes for a more equitable adjustment of social security payment. It does provide an overall cost of living increase in social security payments of 7 percent, which is certainly warranted, but wholly inadequate insofar as adjusting lower bracket payments upward to a realistic level.

There are many things about social security for retirement purposes that need

further attention before we add a program of medicare. The greatest of these is that $40 per month total payment which will be increased only to $44 by this bill.

My objection to this bill is that it compounds existing inequities. All employers will be taxed. The self-employed will be taxed. Employees will be taxed, including the very young, the middle-aged, the physically handicapped.

Let us not be fooled into thinking this is an insurance program.

The first beneficiaries will be the nearly 20 million individuals in the United States who are over 65. None of these will have paid anything in the form of taxes or premiums of any kind for hospital and for medical care. The entire burden of the medicare program for the present aged will have to be borne by others. Many will be receiving medical benefits who are far more able to pay the costs than the people who are taxed to pay their bills.

If H.R. 6675 is enacted, and I have no doubt that it will be, for the first time we will be providing payment for a service, such as hospitalization and medical fees—regardless of what that service may cost. That is something quite different from providing for the payment of a specified amount of cash at some future date.

What will be the cost of H.R. 6675? No one knows. But sometime, someplace, we in Congress must face up to our fiscal responsibilities.

Inflation and the resulting increased cost of living play a cruel hoax on people who must live on fixed income, especially those whose whole income must go for the bare necessities of life. The 1964 dollar buys 2 percent less than the 1963 dollar and nearly 8 percent less than the dollar in use in 1957–59.

Evidence of fiscal irresponsibility, the principal cause of inflation, is all too obvious.

For more than 5 years this Government has run a deficit of over $5 billion a year.

The debt ceiling of $328 billion is at an all time high with an interest charge of about $1 billion every month of the year. The unfunded accrued liability of the OASDI program was $321 billion on January 1, 1962, the last date for which figures are available. The unfunded accrued liability for civil service retirement is over $36 billion. The unfunded accrued liability of military retired pay is over $61 billion.

Yet, in the face of all these burdens it is proposed in H.R. 6675 that we disregard the present inequities of social security and start two new programs of hospitalization and medical services for all aged people without sound actuarial insurance funding.

This bill will tax people who can't afford to be further taxed, many of whom, by the President's own definition, are now in the poverty classification, in order to provide benefits for individuals, many of whom are well able to provide for themselves.

This is the basic issue. In good conscience I cannot vote for H.R. 6675.

Mr. KENNEDY of Massachusetts. Mr. President, it is possible at the present time for an occupationally injured worker to receive both workmen's compensation and old-age and survivor's disability insurance benefits. There has been considerable activity and increasing agitation for an amendment to the Social Security Act to offset OASDI disability payments by workmen's compensation benefits received.

The social security program overlaps with many programs—both public and private. The area that has been attracting the most interest, the overlap between workmen's compensation and OASDI, is the smallest. The Social Security Administration estimates that fewer than 3 percent of those getting OASDI disability benefits also receive workmen's compensation payments. Yet, it is the workmen's compensation beneficiaries that are being singled out for attack.

The issue has been particularly intense during the hearings on the pending social security legislation. The House Ways and Means Committee in reporting the legislation refused to include an offset, saying "that under the present law the extent of excessive wage replacement resulting from overlapping benefits between workmen's compensation and social security benefits has not been significant." The committee also concluded that the previous offset operated in an inequitable and unsatisfactory manner.

Because of its magnitude and almost universal coverage, there is general recognition that the Federal social security system is the basic social insurance system. It does not make sense for this program to make adjustments for other programs—either Federal, State, local or private—that are limited to selected groups or circumscribed areas. Once this becomes established for one program, it would be difficult to prevent similar legislation for other programs and there would be little logic for doing so. There is no reason for showing workmen's compensation programs preference and ignoring other programs.

Unfortunately, the social security bill reported by the Senate Finance Committee does contain an offset provision in section 335. Though no offset should be included for the reasons cited earlier, the approach in the Senate bill is superior to that frequently advocated—a $1 reduction of the OASDI disability benefit for every dollar of workmen's compensation received. However, even the offset provision in the Senate bill will work severe hardship on many occupationally injured workers, such as those who have suffered the loss of eyes or limbs. The Senate provision does provide however that a reduction shall not take place unless combined benefits exceed 80 percent of average current earnings and does try to overcome the erosion in the benefits that occur over time with increases in wage levels and living costs.

But, I would like to point out some of the unfortunate effects of the offset in the Senate bill. The offset in the Senate bill applies to workmen's compensation benefits for partial disability. It is general practice in workmen's compensation to pay compensation for many of these kinds of injuries even if earnings continue or even increase. For example, if a worker loses some fingers even though he suffers no wage loss, the worker receives workmen's compensation benefits for the loss of the fingers. The same principle applies to loss of arms, legs, hands, and so forth. The justice of such compensation has seemed obvious to most people—both experts and the average citizen. Yet the offset proposal would reduce the worker's OASDI benefit wholly or partially by the amount of these workmen's compensation payments. In other words, in many cases he would not gain monetarily for this kind of anatomical loss—not even in those cases where the occupational injury was unrelated to the disability rating under the OASDI program.

Some workmen's compensation laws subtract temporary total disability benefits from the permanent award at the time the percentage of permanent impairment is determined. Since the OASDI disability benefit will not be paid until after 6 months of incapacity, an injured worker could have his workmen's compensation award reduced by the amount of the temporary total disability paid for the first 6 months or longer and also have his OASDI benefits reduced for the balance of workmen's compensation payments thereafter.

Many States limit medical benefits. An injured worker could in some instances be paying for his own medical bills at the time a reduction would take place. It is among those workmen's compensation cases that extend beyond 6 months where most of the cases that exceed medical limits in workmen's compensation are found. Is it fair to reduce the benefits of an occupationally injured worker at the time he has to bear the medical cost of his occupational injury?

In conclusion, Mr. President, the most telling argument against an offset on the social security side is the fact that it is a contributory system. No worker should have that benefit reduced for which he has made contributions for most of his life.

Mr. President, I shall not offer an amendment to bring the Senate bill into line with the action taken by the House. But I respectfully urge those Members of this body who will serve on the conference committee to give sincere consideration to the arguments of those who do not wish to place offset provisions in our social security laws again.

Mr. YARBOROUGH. Mr. President the pending passage of H.R. 6675, the Hospital, Health and Social Security Act of 1965, presents this body with one of those moments in its history which recur from time to time, when the efforts of a generation at long last come to fruition. The names of Senator Robert F. Wagner and Senator James E. Murray drift back into one's consciousness. They stood on this floor in the years following the end of World War II and fought for a health insurance program. Harry Truman made it a key plank in his administration platform and he and his Cabinet officers fought valiantly for it. Our late beloved

President John F. Kennedy, both as a principal sponsor of the Kennedy-Anderson amendment in 1960 and later as President, gave courageous leadership in the battle for a prepaid program of medical assistance for the aged. One of the heroes of this day is thankfully still with us, the senior Senator from New Mexico [Mr. ANDERSON]. As author of the Anderson-King bill, he carried the principal load of advocating health care for the aged during those tough years when the votes were not there for passage. Truly all Americans owe a prayer of gratitude to this great Senator from the West for his vision and for his courage in continuing the fight when lesser men may have faltered.

Mr. President, since the beginning of the 20th century, the life expectancy of Americans has increased from 49.2 years to 70 years. At the same time medical care prices have increased greatly. On an index in which 1957–59 prices equal 100, the costs for all medical care have risen from a level of 50.3 in 1940 to a level of 120.3 in December 1964. Of course, much of the price rise reflects increases in quality, but the cost is higher nevertheless.

Thus our older citizens are faced with increasing years of retirement, when their income drops drastically, at the same time that their utilization of medical services—which makes the increased life span possible—increases, and at a time when the costs of those medical services is increasing.

It is this situation which gives rise to the need for a system of health insurance, a system in which people will make payments into a trust fund during their working years in order to draw benefits when they retire.

The basic hospital insurance plan, financed through a payroll tax, will cover inpatient services, posthospital extended care, outpatient hospital diagnostic services, and posthospital home health services with varying time limits and deductibles in each case. In Texas this plan will provide over $96 million a year to aid our 990,000 citizens over 65 in paying their hospital bills.

The voluntary supplementary insurance plan would cover physicians' services, chiropractic and podiatrists' services, home health services, and numerous other medical and health services in and out of medical institutions. The individual would pay $3 per month and the Government would match this amount. Assuming 95 percent participation, this plan will afford over $47 million a year of additional assistance to elderly citizens in Texas.

H.R. 6675 revises the allocation formulas under the public assistance programs—old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to families with dependent children—to provide greater Federal participation. The estimated annual increase in public assistance funds for Texas is over $6,900,000. Under an amendment which I introduced yesterday and which the Senate adopted, the effective date will be moved up 6 months from January 1 1966, to July 1, 1965. If this change is approved by both Houses it will mean an extra $3,450,000 for the needy aged in Texas, this year.

The bill provides a 7 percent across the board increase for those in receipt of social security payments. For Texans this means an increase in cash benefits of $98 million for the calendar year 1967.

The recital of these dollar amounts is made for the purpose of illustrating how effective intelligent Government spending can be in directing expenditures into socially desirable channels. Of course, channeling the money is only the first step. The real test will come with experience.

A lot of study has gone into the drafting of this legislation. Years of work are written into this bill. It is, I believe, basically a sound plan. The matter of control is, as always, a difficult problem. There are many interests to be served, and the question, for instance, of who should determine standards and who should determine what it a "reasonable cost" will probably be back with us in the future.

We are making a good beginning, however, and I commend those Senators and staff people who have labored so long and hard on this legislation. Especially to be commended is the able junior Senator from Louisiana, RUSSELL LONG, for his able steering of this great law through the committee and Senate passage on the floor, with beneficial amendments, but without crippling amendments. He has shown a very high degree of parliamentary skill.

Mr. MILLER. Mr. President, my objections to this bill were outlined during my discussion of my amendment earlier today which would have struck out the administration's medicare provisions and replaced them with liberalizing changes to the Kerr-Mills Act.

However, I wish to quote from statements made by the manager of the bill, the Senator from Louisiana [Mr. LONG] on July 16, 1962, in opposition to the administration's medicare proposal, which was substantially the same as that contained in this bill.

At page 13,664 of the CONGRESSIONAL RECORD, he said:

> Here we have a proposal that would tax people to pay for a great amount of medical care which many of them are well able to provide for themselves without the help of the Government or anyone else.
>
> Under this proposal, in a large number of cases we would be taking the butter and eggs from the workingman's table in order to provide medical care for someone else, who has always been both willing and able to pay his own medical bills. In many cases, the beneficiary will be much better off than his benefactors.

Again, at page 13665, he said:

> A regressive rate structure is and will be particularly unfair to the lower income brackets, because they obviously are spending practically all of their income on basic necessities, while those in the upper income levels spend less and less of their total income on such essentials. Yet the poor man must pay a considerable portion of his already earmarked funds just to be medically protected as well as wealthier people who may waste more in a year than a poor man earns.

Again, at page 13666, he said:

> I would be willing to vote for any taxes and appropriations necessary to care for those who are unable to care for themselves. I am not willing to vote for taxes and appropriations for medical care for those who can and should provide it for themselves.

And again, at page 13863, the Senator from Louisiana [Mr. LONG] said:

> Mr. President, I yield to no Senator in my desire to care for the needs of the aged, the disabled, and the underprivileged in general. That is not the issue before us now. We are asked to vote on an amendment which would require that we pay the medical bill of everyone over the age of 65 whether he needed such care or not. We are asked to adopt an amendment which would tax the poorest people in our country on the same basis as that on which we tax the wealthiest. We are asked to vote one of the most regressive taxes we could find. It is a tax that would operate like a hidden sales tax. It would hit hardest at the poor, in order to finance medical care for all the people, whether they need such care or not.
>
> My mother's cook and yard boy would be asked to pay my mother's medical bill, although she neither asks, expects, or demands it. Frankly, I think she would feel that the proposal was unsound. When the medical bills of everyone who might seek medical care under the measure, whether he needed such care or not, are added, we find the cost of medical care increased by 50 percent.

Mr. President, these statements made 3 years ago are just as valid today as they were then. I find it almost unbelievable that the one who made them now proposes to vote for this bill. They persuaded me to vote with him then—against the proposal. And they persuade me now to vote the same way.

Mr. LONG of Louisiana. Mr. President, 30 years ago today, the Senate and the House were in conference on a revolutionary concept. That concept had been the subject of bitter controversy with its proponents hailing it in those dark depression days as the only real salvation of the American way of life and its opponents denouncing it as the devil in disguise that would propel the United States to a sure and not-so-slow destruction. The proponents were successful, the two Houses resolved their differences and President Roosevelt signed into law in August of 1935 the revolutionary concept which is known as social security.

Over the years with consistent regularity the original Social Security Act has been revised and amended. Almost without exception, these revisions have liberalized and extended social security so as to make it of more good to more people.

But nothing in the 30 years since the establishment of the social security bill will have the impact on the American scene as will the bill we are about to pass here today. I am quick to add that this measure before us is infinitely greater than the original Social Security Act in the benefits it provides the citizens of this country. The Social Security Act of 1935, while revolutionary in concept, was modest in scope. The Social Security Amendments of 1965 are comprehensive, far-reaching and imaginative yet not without their revolutionary features too, the most noteworthy of which is the idea that the medical problems of the

people are the problems of their Government.

The Government's role in medical care has been the focal point of a controversy as acrimonious and extended as the controversy 30 years ago over social security. After much worthwhile and informative debate and discussion over the years, the Congress has decided in its wisdom to pass a medicare program which does much to relieve the onerous burden of the costs of health that has weighed so long upon the shoulders of our elderly. The varying points of view that were brought to the medicare debate by the medical profession, the insurance industry, organized labor, businessmen, the old folks themselves, and the public in general have been extremely beneficial in synthesizing the various goals and means of obtaining the goals into the constructive program contained in this bill.

Medicare is the most noteworthy and controversial part of the measure before us today, but it actually comprises less than half of the benefits provided by this bill in terms of dollars spent. The $7 billion of benefits we are about to provide will go to every conceivable segment of our population in need of help from their government. Yet the worth of the social security bill of 1965 cannot be measured solely in terms of dollars. It can better be judged by an economist than an actuary, better by a social worker than an accountant, and even better by those of us here today who have the opportunity to go among our folks back home and see the needs that are met, the fears that are dissolved, the wants that are satisfied by what we have wrought. I ask you to do as I shall do and that is to seek out your people in the months and years ahead and to see how they are being comforted and being made secure by the bill we are on the verge of approving. Such an experience, I am sure, will not only renew your faith in the job you are doing, but it will bring just a whole lot of soul satisfaction.

I have expressed my gratitude to the various segments of our society which have helped in formulating this measure. Let us not forget the many devoted people in government who have played such a significant part in getting this job done. There are the many nameless people in the executive branch who have worked under the leadership of two great Presidents—John F. Kennedy and Lyndon B. Johnson—and two great Secretaries of Health, Education, and Welfare—ABRAHAM RIBICOFF and Anthony Celebrezze. Particularly on the executive side, we should mention Under Secretary of Health, Education, and Welfare Wilbur Cohen, Social Security Commissioner Robert Ball, Public Assistance Expert Charles Hawkins, and Actuary Robert Myers.

On the legislative side, we have been ably assisted both on the House and on the Senate side by Fred Arner and Miss Helen Livingston of the Library of Congress and in the Finance Committee by the staff headed by Mrs. Elizabeth Springer and by Legislative Counsel Doug Hester. To my colleagues on the Finance Committee, I pay tribute for the thorough and expeditious fashion in which they worked on this bill. I owe a special debt of gratitude to our wonderful chairman, HARRY F. BYRD, for entrusting to me so historic a proposal as this to handle in the Senate. I could not have done it without the cooperation and expertise that I obtained from such fellow committee members as the Senator from Delaware [Mr. WILLIAMS], the Senator from Florida [Mr. SMATHERS], the Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], and particularly the Senator from New Mexico [Mr. ANDERSON] who has been the father and devoted advocate of medicare for so many years.

I appreciate the courtesy and attention that each and every Senator has given to me throughout the floor debate of this bill. Especially do I thank the minority leader [Mr. DIRKSEN], who is not able to be with us today, and my boss, the marvelous majority leader from Montana [Mr. MANSFIELD], for the job they have done in moving this measure through the Senate. Theirs is a thankless job, but I thank them.

And, now, if there is no further discussions, I ask that the clerk call the roll.

MEDICARE IS IN THE AMERICAN TRADITION

Mr. MOSS. Mr. President, H.R. 6675, which is now pending before this body, is a lengthy and complex bill embodying new programs for financing health care of the aged, as well as amendments to the public assistance programs and to the social security system. It would add to the Social Security Act two new titles: one, dealing with health insurance for the aged; and the other, expanding and improving the programs of grants to States for medical assistance.

The first new title, title XVIII, establishes two programs of health insurance for the aged. Part A would establish a hospital insurance program for the aged under the social security system which has been long and ably advocated by the senior Senator from New Mexico [Mr. ANDERSON]. Part B would establish a supplementary health insurance program to which elderly persons could voluntarily subscribe.

Although it occupies a relatively small part of the 387-page omnibus social security bill that we have on our desks, H.R. 6675 is being referred to as the medicare bill. The proposal which in recent years has become popularly known as medicare is embodied in Part A of title XVIII. As someone recently remarked, "A" stands for Anderson. Part A is the Anderson bill.

Part A, "Hospital Insurance Benefits for the Aged," will represent, as it becomes law, an historic forward step toward making the aspirations of our people for dignity and security in old age an economic reality. It is to the importance of this step and the need for this program that I wish to address my remarks today.

Mr. President, I have been a supporter of this legislation from the beginning. When our late, beloved President, John F. Kennedy, then a Senator from Massachusetts, joined the Senator from New Mexico [Mr. ANDERSON] in May of 1960, to offer to the social security legislation of that year an amendment providing hospital insurance for the aging, I enthusiastically supported them in that effort. Many of my colleagues here in the Senate Chamber this afternoon supported them, too; and for all of us this is a day in which we can take deep satisfaction, a day in which the results of years of patient effort and advocacy will be realized.

I have been a cosponsor of the Anderson bills in the 87th Congress, the 88th Congress, and now in the 89th Congress. I have spoken for the Anderson proposal more times than I can count. I have publicly debated the issue with its opponents in my State. Last year, during my campaign for reelection, I spoke scores of times on the growing problem of our older citizens surrounded in our modern society with healing and lifesaving possibilities that their meager means do not permit them to enjoy. I explained the medicare plan, and asked the people of Utah for their approval. It is clear that the citizens of my State, as well as the great majority of citizens of our entire Nation, approve this forward-looking legislation.

The Senate will shortly vote on this bill, and I believe the vote will be favorable. During the past 5 years, since hospital insurance for the aged was introduced in the Senate as the Kennedy-Anderson amendment, the proposal has been a national issue. It has been a key issue in three national elections. The proposal has been subjected to exhaustive public hearings in both the Senate and the House of Representatives committees. The proper committees have studied it; and it has been debated on the floors of both Houses. The medicare proposal has stood up under every test, and a consensus, both as to the need for the program and the soundness of the plan, has formed.

This national debate has served an important purpose beyond that of being a proving ground for the medicare proposal; it has served to develop and bring forward significant additions and improvements to the original plan. The medical profession, with the support of many other citizens, put forward a group of proposals which came to be known as eldercare. These were weighed in the legislative process; and much of the eldercare plan was adopted, and is included in the bill we are considering today.

The many studies of the health-care problems of the aged also focused attention on the need for improvements in the Kerr-Mills program of medical assistance for the aged. Accordingly, this bill incorporates a number of substantial improvements in the Kerr-Mills program, correcting most of the defects which were revealed by the experience of our States in utilizing the program.

The problem which confronts our senior citizen—and which, in fact, confronts our Nation—has been thoroughly documented over the years that this proposal has been debated. Certain facts are clear. The average cost of a day of hospitalization has increased from $9 in 1946 to about $40 today, and these costs will continue to rise; people in the older age groups require almost three times

as much hospitalization as do people of working age; and the average length of hospital stay for older persons is twice as long.

Since most persons over age 65 are retired, most of them have limited incomes. Half of the single persons over 65 have cash incomes of less than $1,000 a year. Half of the elderly couples have incomes of less than $2,800.

Obviously, with such meager financial means, the purchase of adequate hospital insurance becomes difficult or impossible. Despite great effort and ingenuity on the part of the insurance industry and voluntary health insurance plans, only about 25 percent of those over 65 have anything approaching adequate hospitalization insurance. One may assume that most of these are in the more prosperous half of the elderly population.

The problem has been documented as clearly in my own State of Utah as in the Nation as a whole. Several years ago the University of Utah conducted a thorough study of the utilization of hospital and medical services in my State. This study reported a hospital utilization rate of 126 patients of all ages per thousand population, but a rate of 203 per thousand in the 65 to 74 age group, and a rate of 246 per thousand in the age group of those 75 and over. The average length of stay also was found to increase by age group; and the average charge per hospital stay was found to be, for persons 75 and over, almost double the average charge per patient, for all ages.

The study also analyzed the method of payment of hospital bills, by age group, in Utah hospitals, and clearly points up the lack of hospitalization coverage of the aged. For example, the report shows that in the 55 to 64 age group, 39 percent of the patient's bills were paid by insurance, and 9 percent were paid by charity; but for patients 75 and over the insurance payment of hospital bills dropped to 18 percent, and 17.6 percent of these aged patients had their bills paid by charity.

Part A of the proposed title XVIII would establish a prepayment insurance program for hospital bills and for bills for confinement in convalescent facilities. Contributions would be made equally by employees and employers to a hospital insurance trust fund. Bills for hospitalization and other covered services incurred by persons over 65 would be paid from this trust fund, which ultimately would be made up of the aggregate contributions of the beneficiaries, themselves. The provision of a self-funding prepayment insurance plan is the heart of the Anderson proposal.

It is said that this program will somehow interfere with the freedom of doctors to practice medicine. Mr. President, I submit that this program can only enhance the freedom of doctors in the care of their patients. Nothing in this bill relates in any way to what a doctor should or should not do for his patient. In fact, in the bill there is specific prohibition against any kind of interference with medical practice. I say that the bill will enhance the freedom of doctors to practice medicine, because it will enlarge the range of practical choice and will remove the influence of financial considerations from physicians decisions as to the course of treatment to recommend to patients.

Under the hospital insurance programs, patients would enter the hospital only on the recommendation and order of their personal physician, just as is now the case. Physicians now make the professional judgment as to whether a patient needs the facilities of a hospital; but what doctor is so insensitive to his patient's situation that he would not feel reluctance to recommend hospitalization which he knows will mean financial ruin? With such heavy costs covered under the hospital insurance program, a physician can make his decision as to his patient's need for hospitalization free from such nonmedical considerations.

Some persons even express vague fears that such hospital insurance would somehow restrict the freedom of individuals as patients. Here again, the program does not impose any conditions on the patient's choice of doctor, or does not affect in any way his relationship with his doctor. To the extent that it affects an individual's freedom at all, it enlarges his freedom, because it enlarges real choice. If a doctor recommends hospital treatment, but if a patient knows that the cost of hospitalization must be paid with money saved by his children for the education of his grandchildren, can we say that he is really free to act upon his doctor's advice? Mr. President, freedom becomes more real as the economic barriers to free choice are let down.

Many of the letters I have received from citizens of my State have pointed out the independent and self-reliant spirit of the American people and the great value of this spirit to our society. Mr. President, I agree completely with these sentiments; and, to me, one of the most compelling virtues of the Anderson proposal is its expression of this spirit of self-reliance.

Most Americans, Mr. President, want to take care of themselves; they want to meet their own needs, through their own efforts. After retirement from almost a lifetime of productive work, an older citizen may have income from social security, and perhaps a private pension, and may be able to meet his own needs for the expenses of daily living. But how is he to be self-reliant and to take care of his own needs when confronted with a catastrophic hospital bill for himself or for his wife? If he can pay the first such bill from savings or by mortgaging his home, he may still be hit with large hospital bills a second, a third, or even a fourth time during his years of living in retirement. Thousands of our fellow citizens who have passed their working years are caught up in this grim chain of events, every year, and are reduced to poverty and to dependence upon public charity. What a hollow mockery of the concept of individual self-sufficiency this is, when there is no practical way for a person living in retirement to help himself and to avail himself of the marvelous, but tremendously costly, benefits of modern hospital care when he needs them.

The only really practical way for a retired person to take care of himself, to meet his own needs for hospital care, is to have prepared in advance, during the years when he was employed. The hospital-insurance program embodied in the bill now before us provides a practical means for people to take care of their needs, in advance; a practical means for Americans to do what they most want to do; to be self-reliant and to pay their own way, through their own work and contributions.

The opponents of this program say they do not wish to see anyone go without needed hospital care; but, they say, let us help only the needy. First, those who pursue this line of argument misunderstand, or perhaps ignore, the true nature of the Anderson proposal. When they talk of a program which will help the needy, they are thinking in terms of the traditional welfare concept, under which public funds are used to help those who cannot help themselves. The hospital-insurance-for-the-aged program does not use public funds, in the sense that the welfare programs do. Benefits would be paid from funds which are contributed by, and are the property of, the beneficiaries. Moreover, it is not the purpose of the program to provide help where hope is gone; instead, its purpose is to provide a mechanism, through a public instrumentality, which will enable each person to help himself.

We have a number of public-assistance programs, enacted by Congress over the past several decades, which are valuable and necessary; but the medicare proposal is a wholly different approach. It is not so much designed to alleviate some of the consequences of poverty as it is to prevent poverty. Those who would reject this prepayment, self-help approach seem to be saying that if an elderly person has need for hospitalization, let him spend his savings, sell his home; and, when everything is gone, then it is all right for the Government to pay his bills—in other words, after the horse is gone, the Government may then come in and close the barn door. Mr. President, I fail to see the moral superiority of such a course, as compared with one in which people can prepare in advance against the tremendous financial burden of hospital care which they will be almost sure to confront in their later years.

Mr. President, I have saved until last a comment on the hue and cry we hear from some quarters—namely, that the Anderson proposal is socialistic or is a step toward socialized medicine. Of all of the failures to see and to understand the true nature of this program, this one is surely the greatest and the most exasperating.

Sometimes I wonder why at least some of organized medicine is not hailing this bill as an historic step in forestalling any trend toward socialized medicine that might develop; for as we adopt the program embodied in part A of this bill, we turn away from the road toward Government medicine, and we take a big stride toward preserving and protecting the American system of private medicine and community-based hospital care.

As our medical technology advances and as its capabilities increase, the complexity and the cost of hospital care increase. In the past 20 years, we have seen really miraculous developments in the ability of modern medicine, with modern hospital technology to save lives and to cure illness. In the same period, we have seen the average cost of a day's hospital care increase more than four times. The scope and the effectiveness of medical technology will continue to grow, and so will hospital costs.

Two characteristics are common to most retired people: They are old, and have more illness; and they are retired and have low incomes. It is clear that as the lifespan increases and as the normal retirement age slowly declines, the proportion of our population in retirement and living on retirement incomes will continue to increase. In any democratic and humane society, the public will demand that lifesaving technology be available to all; and, sooner or later Government will respond to this demand by the people.

Our observation of other countries shows us that when these pressures become great enough, government intervenes to provide hospital and medical care. Those programs take different forms in different countries. It is unnecessary for us to discuss here whether such a program in any particular country is good or is bad. For my part, I would be very unhappy to see our country follow such a course—one in which the Government undertook to provide hospital and medical services, because I believe that a great deal in the system of private medicine and community-hospital service which is our country's unique contribution to this area or modern society would thus be lost.

The Anderson plan is a distinctly and characteristically American response to these pressures and problems which are being felt in every civilized country. It proposes an approach to the solution of this growing problem of the economic availability of care, and to forestalling the pressures for Government health services, by dealing with the root of the problem—that is, the financing of hospitalization—while keeping hands off of the provision of services. In summary, my support of the medicare proposal is not based on a desire to change in any way the American system of private medicine. Quite to the contrary, I see the pending medicare proposal as a way to help preserve this superior system and to leave it undisturbed, while approaching the solution of a national problem which almost everyone agrees exists.

I realize that the organized medical societies do not see the matter in this way; but I believe that they may not have reflected deeply enough on the problems which lie ahead, and may not be, in the long run, acting in their own best interest.

As we finally vote to establish in law hospital insurance for the aged, we take a great step toward solving one of the most serious social problems of our time, and we take the step in the framework of the best American traditions: the tradition of full and free debate of social issues, the tradition of expression of the will of an informed majority, the tradition of valuing independence and promoting individual self-reliance, and the tradition of free people using the agency of government to enable them to better help themselves. At the same time, we call for progress in the solution of our problems and for some longrun answers better than the palliatives of welfare. And we resolutely turn away from the path of socialization, which is one course open to us, and, instead, address ourselves to shoring up the economic foundation of the unique and remarkable health-care system of private and individual arrangements and community responsibility which has developed in America.

Mr. President, my remarks have focussed on one part of this bill—that providing a program of hospital insurance for the aged—because this has been the focus of controversy and debate over the problem of financing health care of the elderly. However, I do not wish to overlook the many other important measures contained in this bill.

The voluntary program of supplementary insurance and the extensive improvements in the Kerr-Mills program, I have already mentioned. The bill also will increase social security cash benefits. Incomes of social security beneficiaries will be increased by 7 percent; and an individual will have the option to retire at age 60, with somewhat reduced benefits, if he so desires.

Another provision of this bill, which I have long advocated, is a liberalization of the retirement test. Under existing law, social security beneficiaries have their benefits reduced if they earn more than $1,200 in a year. This bill will amend that provision so as to exempt the first $1,800 of earnings before deductions are made from benefits. This is not quite as generous a provision as one I proposed in the bill I introduced. My bill would have permitted earnings up to $2,400 without loss of benefits; but the provision in this bill, as recommended by the Finance Committee, is a step in the right direction, and will relieve hardship in many cases.

In summary, this is a comprehensive bill and a balanced bill. Each of its provisions makes a contribution to the betterment of the lives of older Americans. I fully support House bill 6675, the Social Security Amendments of 1965.

### A STEP TO IMPROVE THE QUALITY OF AMERICAN SOCIETY

Mr. BARTLETT. Mr. President, the Senate is about to vote on a historic piece of legislation. The bill will receive a large majority reflecting widespread support for a medical-care program for the aged—a concept which 10 years ago was considered radical.

The history of this legislation will provide excellent material for students of our Government. They will be able to chronicle the growth of the concept from the day when it was introduced in Congress, many years ago. They will be able to document how a great new idea matures and gains respectability. They will be able to note the role of lobbies. A careful student will be impressed by the important role the legislative branch played in developing this great legislation. It was born in the Congress, received a significant push from the legislative branch, and came back to the legislative arm, to be molded into its final form.

This legislation has followed a long, and sometimes tortuous, path to fruition. May of us wish it could have traveled the path more quickly; but the time has not been wasted. The bill the Senate will pass is a vast improvement over previous proposals.

It will not meet all contingencies, nor is it so designed. The medical-care program is based on the same principle as that of the old-age and survivors and disability insurance system. The latter is intended to provide a base on which to build a financially secure retirement. The former is designed to provide a base on which to build a healthy retirement. The one is hollow without the others.

Improvements will be made in the program as experience dictates. I look forward to voting in the future on provisions to bring about these improvements.

No doubt, problems will arise in administering the program, and there will be cries of "We told you so." But we must not be deterred by those who resist change, who reject needed legislation because minor problems will arise to be solved. No program can be as perfect as the one those critics demand.

The concept behind the bill we will pass is sound. I am proud to have cosponsored the measure.

This is not the time to review all the provisions of the bill. However, I wish to call attention to two sections dealing solely with Alaska. Alaska will become the 19th State permitted to divide State and local government retirement systems. One part will be for employees desiring social security coverage; the other, for those who do not.

Services performed by employees choosing to come under social security must be covered by social security in the future. However, persons already employed have a choice, and are not forced to join.

Also, this bill prevents a great injustice to a number of dedicated schoolteachers in Alaska.

For 13 years, these teachers have contributed to social security. This year, the Social Security Administration ruled that certain Alaska school districts did not qualify as political subdivisions, and had no authority to enter into social security agreements.

The Senate accepted an amendment permitting these districts to qualify for coverage. A similar step was taken to correct a similar situation in Arkansas in 1962.

The amendment insures that the teachers will receive retirement payments for which they paid.

It is fitting that this injustice be prevented in this bill, for the legislation is concerned with correcting another great injustice, an injustice which turned the golden years into years of worry and poor health for too many persons.

In preparing to vote in favor of House bill 6675, I am reminded again of an ob-

servation by Arnold Toynbee, the historian. He concluded that a society's quality and durability can be measured best "by the respect and care given its elderly citizens."

History will rank this Congress high among those which have taken significant action to improve the quality and durability of the American society.

IMPROVEMENT IN THE DOUGLAS OLD-AGE ASSISTANCE "PIN MONEY" AMENDMENT

Mr. DOUGLAS. Mr. President, I wish to endorse a little-noticed amendment to our welfare assistance legislation which the House has included in House bill 6675. This provision is an improvement of the amendment which I first offered in 1956, and which was finally enacted in 1962—relating to the amount of income which may be earned by a recipient of old-age assistance without its being subtracted from his assistance grant.

In 1956, I first introduced my "pin money" amendment, which would have permitted old-age assistance recipients to earn $50 each month, without losing that amount from their assistance grants. In 1956, and again in 1958, the opposition of the Eisenhower administration resulted in the defeat of my amendment, even though the Senate adopted it by a strong record vote in 1956.

During consideration in the Senate of the public welfare amendments bill, in 1962, I again offered my amendment, in a form which would have permitted each State to let old-age assistance recipients earn up to $25 a month, without having it subtracted from their assistance grants. I proposed only a $25 exemption, because I wanted very much to get established in the law the principle that a small amount of earned income is to be encouraged; and I did not want to cause defeat of the proposal, by asking for more than a very modest amount. Somewhat surprisingly, a unanimous Senate adopted my amendment, and increased the exemption to $50. In the conference, the amendment was retained; but it was changed so as to permit the States to exempt from consideration earned income of $10 a month, plus one-half of any additional earnings up to a total of $50 a month.

I was very much pleased to see that the House, in House bill 6675, approved an amendment to this provision, which, if adopted, will permit a State, in determining after December 31, 1965, the need of an aged recipient, to disregard an additional portion of income. The new provision is that of the first $80 earned per month, the State may disregard the first $20 completely, plus one-half of the remainder.

It is particularly gratifying to see that the House also has extended this principle to the earnings of a disabled individual receiving benefits under titles XIV and XVI of the Social Security Act, and to earnings in aid under title IV to families with dependent children.

Despite the predictions by administrative opponents, during the Eisenhower administration, of an excessive cost if my amendment was adopted, it has been implemented gradually, with a very negligible cost. It is now estimated that the amendment to increase the exemption adopted by the House in House bill 6675 will increase expenditures from Federal funds by a somewhat larger, but still reasonable, amount. If all 23 States that have indicated they are interested in using the present provisions for exempting earned income from consideration in determining need were to implement the provision and were to move to the larger amounts that can be exempted under this amendment—and it probably will take some years before this occurs—the annual increase in Federal costs would be about $3.5 million. Of this increase, more than $3 million would be for persons who do not now receive assistance. These are people with enough present income to meet their needs under the States' current standards of eligibility for assistance but who will become eligible for assistance under the higher earnings exemptions in the amendment.

In the future, more States will undoubtedly realize the advantages of giving recipients of old-age assistance an incentive to obtain occasional productive employment, by not requiring that their assistance payments be reduced to the full extent of their earnings. It is estimated by administrative officials that as additional States move to exempt more earned income from consideration in determining need, the annual increase in Federal costs will rise from about $3.5 million, initially, to about $12 million, annually, in 1970.

A 1960 study of old-age assistance recipients revealed that 91,000 recipients—3.9 percent of all 2,337,000—had any income from personal earnings. Their earnings tended to be low, averaging only a little over $14 a month. The 91,000 recipients with earnings were distributed as follows, in terms of the monthly amount of their earnings: 23 percent had earnings of from $1 to $4; 27 percent earned from $5 to $9; 14 percent earned $10 to $14; 10 percent earned $15 to $19; 9 percent earned $20 to $24; 6 percent earned $25 to $29; 4 percent earned $30 to $39; 3 percent earned $40 to $49; 3 percent earned $50 to $74; three-tenths of 1 percent earned $75 to $99; and three-tenths of 1 percent earned $100 or more.

Mr. President, a report compiled by the Department of Health, Education, and Welfare, as of March 31, 1965, shows the degree to which this permissive amendment has been implemented by the States. This report shows that as of March 31, 1965, 23 jurisdictions had submitted planning material to implement this provision; two States enacted authorizing legislation in their 1965 legislative session, but the planned material was not then submitted; two States had legislation pending in the 1965 session; and five other States had expressed interest in this provision, but had not then taken action to implement it. Mr. President, I ask unanimous consent that the table to which I have referred be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOUGLAS. Mr. President, I hope very much that the increase in the exemption proposed in the House will be retained in the Senate and in the final bill. As a result of this provision in the law, a person receiving old-age assistance payments will be able to earn, if his State permits, $20 a month, without having any of it subtracted from his assistance graint, and up to $80 a month, with one-half of the difference between $20 and $80 being subtracted from his assistance grant. On the basis of the 1960 study of the financial resources of old-age assistance recipients, it is apparent that if it is implemented in all States, the new provision would permit fully three-quarters of the old-age assistance recipients in the country with personal incomes to retain all the money they earn; and since only sixth-tenths of 1 percent of the old-age assistance recipients with incomes earn more than $75 a month, 99 percent of these recipients will benefit from the amendment.

It is extremely desirable, in my opinion, to have this principle covered in our old-age assistance legislation, because it permits our elderly citizens to contribute to their self-support and their self-respect by earning a few dollars of pin money in occasional employment, each month. I congratulate the House on its action; and I hope very much that the Senate will agree to it, and that this provision will therefore be retained in the final version of House bill 6675.

EXHIBIT 1

DISREGARD OF EARNED INCOME FOR PERSONS 65 AND OLDER (OF THE FIRST $50 PER MONTH OF EARNINGS, NOT MORE THAN THE FIRST $10 THEREOF PLUS ONE-HALF OF THE REMAINDER) AS REPORTED MARCH 31, 1965

Plan material submitted—23 jurisdictions: Arkansas, California, Delaware, District of Columbia, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maryland, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, Puerto Rico, Vermont, Virgin Islands, Virginia, and Washington.

Legislation enacted in 1965 session; plan material not yet submitted—two jurisdictions: South Dakota and Wyoming.

Legislation pending (1965 session)—two jurisdictions: Massachusetts and Wisconsin.

Interested, but no action yet taken—five jurisdictions: Connecticut, Iowa, Maine, Pennsylvania, and South Carolina.

Will not implement at present—22 jurisdictions: Alabama, Alaska, Arizona, Colorado,[1] Guam, Hawaii, Idaho, Indiana, Michigan, Minnesota,[1] Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina,[1] Ohio, Rhode Island, Tennessee, Texas, Utah, and West Virginia.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

Mr. LONG of Louisiana. Mr. President, I have a speech which I wish to make on third reading. It would take me no more than 20 minutes to make it. If Senators are eager to make their plane connections or to meet other commitments, I am willing to make the speech later, provided other Senators will give the Senate the same consideration.

Mr. KUCHEL. Mr. President, the minority has 32 minutes available to it.

[1] Considered by 1963 legislature, not enacted.

If no Senators wish to use any more time, I shall be glad to yield back the remainder of my time.

Mr. LONG of Louisiana. If we can have unanimous consent that speeches subsequently made will appear prior to the final vote, I am ready to yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. That is in case anyone has any doubt whether their remarks will appear in the RECORD. I yield back the remainder of my time.

Mr. KUCHEL. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). On this vote I have a pair with the senior Senator from Missouri [Mr. SYMINGTON]. If he were present and voting he would vote "yea." If I had the privilege of voting, I would vote "nay." I withhold my vote.

Mr. HICKENLOOPER (when his name was called). On this vote I have a pair with the Senator from Arkansas [Mr. FULBRIGHT]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the Senator from Nebraska [Mr. HRUSKA]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

Mr. MILLER (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. MCGEE]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. MCGEE] and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Georgia [Mr. RUSSELL] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] and the Senator from Kansas [Mr. PEARSON] are absent on official business.

On this vote, the Senator from Illinois [Mr. DIRKSEN] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Illinois would vote "yea," and the Senator from Kansas would vote "nay."

The pair of the Senator from Nebraska [Mr. HRUSKA] has been previously announced.

The result was announced—yeas 68, nays 21, as follows:

[No. 176 Leg.]

YEAS—68

| | | |
|---|---|---|
| Aiken | Hartke | Morse |
| Anderson | Hayden | Moss |
| Bartlett | Hill | Muskie |
| Bass | Inouye | Nelson |
| Bayh | Jackson | Neuberger |
| Bible | Javits | Pastore |
| Boggs | Jordan, N.C. | Pell |
| Brewster | Kennedy, Mass. | Prouty |
| Burdick | Kennedy, N.Y. | Proxmire |
| Byrd, W. Va. | Kuchel | Randolph |
| Cannon | Lausche | Ribicoff |
| Carlson | Long, Mo. | Russell, S.C. |
| Case | Long, La. | Saltonstall |
| Church | Magnuson | Scott |
| Clark | McCarthy | Smathers |
| Cooper | McClellan | Smith |
| Cotton | McGovern | Sparkman |
| Dodd | McIntyre | Talmadge |
| Douglas | McNamara | Tydings |
| Fong | Metcalf | Williams, N.J. |
| Gore | Mondale | Yarborough |
| Gruening | Monroney | Young, Ohio |
| Hart | Montoya | |

NAYS—21

| | | |
|---|---|---|
| Allott | Fannin | Robertson |
| Bennett | Harris | Simpson |
| Byrd, Va. | Holland | Stennis |
| Curtis | Jordan, Idaho | Thurmond |
| Dominick | Morton | Tower |
| Eastland | Mundt | Williams, Del. |
| Ervin | Murphy | Young, N. Dak. |

NOT VOTING—11

| | | |
|---|---|---|
| Dirksen | Hruska | Pearson |
| Ellender | Mansfield | Russell, Ga. |
| Fulbright | McGee | Symington |
| Hickenlooper | Miller | |

So the bill (H.R. 6675) was passed.

Mr. LONG of Louisiana. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. Without objection, the title of the bill will be appropriately amended.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the bill (H.R. 6675) be printed with the Senate amendments numbered, and that in the engrossment of the amendments the Secretary of the Senate be authorized to make all necessary technical and clerical changes.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BYRD of Virginia, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. ANDERSON, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

## *In the Senate of the United States,*

*July 9 (legislative day, July 8), 1965.*

*Resolved,* That the bill from the House of Representatives (H.R. 6675) entitled "An Act to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes", do pass with the following

## AMENDMENTS:

(1) Strike out all of the table of contents beginning on page 2 and ending above line 1 on page 6, and insert:

*TABLE OF CONTENTS*


*TITLE I—HEALTH INSURANCE FOR THE AGED AND MEDICAL ASSISTANCE*

*SEC. 100. Short title.*

*PART 1—HEALTH INSURANCE BENEFITS FOR THE AGED*

*SEC. 101. Entitlement to hospital insurance benefits.*
*SEC. 102. Hospital insurance benefits and supplementary medical insurance benefits.*

*TITLE XVIII—HEALTH INSURANCE FOR THE AGED*

*SEC. 1801. Prohibition against any Federal interference.*
*SEC. 1802. Free choice by patient guaranteed.*
*SEC. 1803. Option to individuals to obtain other health insurance protection.*

*PART A—HOSPITAL INSURANCE BENEFITS FOR THE AGED*

*SEC. 1811. Description of program.*
*SEC. 1812. Scope of benefits.*
*SEC. 1813. Deductibles.*


★

## *TABLE OF CONTENTS—Continued*

### *TITLE XVIII—HEALTH INSURANCE FOR THE AGED—Continued*

*PART A—HOSPITAL INSURANCE BENEFITS FOR THE AGED—continued*

*SEC. 1814. Conditions of and limitations on payment for services.*
*(a) Requirement of requests and certifications.*
*(b) Reasonable cost of services.*
*(c) No payments to Federal providers of services.*
*(d) Payments for emergency hospital services.*
*(e) Payment for inpatient hospital services prior to notification of noneligibility.*
*(f) Payment for certain emergency hospital services furnished outside the United States.*
*SEC. 1815. Payment to providers of services.*
*SEC. 1816. Use of public agencies or private organizations to facilitate payment to providers of services.*
*SEC. 1817. Federal hospital insurance trust fund.*

*PART B—SUPPLEMENTARY MEDICAL INSURANCE BENEFITS FOR THE AGED*

*SEC. 1831. Establishment of supplementary medical insurance program for the aged.*
*SEC. 1832. Scope of benefits.*
*SEC. 1833. Payment of benefits.*
*SEC. 1834. Duration of services.*
*SEC. 1835. Procedure for payment of claims of providers of services.*
*SEC. 1836. Eligible individuals.*
*SEC. 1837. Enrollment periods.*
*SEC. 1838. Coverage period.*
*SEC. 1839. Amounts of premiums.*
*SEC. 1840. Payment of premiums.*
*SEC. 1841. Federal supplementary medical insurance trust fund.*
*SEC. 1842. Use of carriers for administration of benefits.*
*SEC. 1843. State agreements for coverage of eligible individuals who are receiving money payments under public assistance programs.*
*SEC. 1844. Appropriations to cover Government contributions and contingency reserve.*

*PART C—MISCELLANEOUS PROVISIONS*

*SEC. 1861. Definitions of services, institutions, etc.*
*(a) Spell of illness.*
*(b) Inpatient hospital services.*
*(c) Inpatient psychiatric hospital services.*
*(d) Inpatient tuberculosis hospital services.*
*(e) Hospital.*
*(f) Psychiatric hospital.*
*(g) Tuberculosis hospital.*
*(h) Extended care services.*
*(i) Post-hospital extended care services.*
*(j) Extended care facility.*
*(k) Utilization review.*

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*TITLE XVIII—HEALTH INSURANCE FOR THE AGED—Continued*

*PART C—MISCELLANEOUS PROVISIONS—continued*

*SEC. 1861. Definitions of services, institutions, etc.—Continued*
*(l) Agreements for transfer between extended care facilities and hospitals.*
*(m) Home health services.*
*(n) Home health agency.*
*(o) Outpatient hospital diagnostic services.*
*(p) Physicians' services.*
*(q) Physician.*
*(r) Medical and other health services.*
*(s) Drugs and biologicals.*
*(t) Provider of services.*
*(u) Reasonable cost.*
*(v) Arrangements for certain services.*
*(w) State and United States.*
*(x) Chiropractors' and podiatrists' services.*
*SEC. 1862. Exclusions from coverage.*
*SEC. 1863. Consultation with State agencies and other organizations to develop conditions of participation for providers of services.*
*SEC. 1864. Use of State agencies to determine compliance by providers of services with conditions of participation.*
*SEC. 1865. Effect of accreditation.*
*SEC. 1866. Agreements with providers of services.*
*SEC. 1867. Health insurance benefits advisory council.*
*SEC. 1868. National medical review committee.*
*SEC. 1869. Determinations; appeals.*
*SEC. 1870. Overpayments on behalf of individuals.*
*SEC. 1871. Regulations.*
*SEC. 1872. Application of certain provisions of title II.*
*SEC. 1873. Designation of organization or publication by name.*
*SEC. 1874. Administration.*
*SEC. 1875. Studies and recommendations.*
*SEC. 103. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.*
*SEC. 104. Suspension in case of aliens; persons convicted of subversive activities.*
*SEC. 105. Railroad retirement amendments.*
*SEC. 106. Medical expense deduction.*
*SEC. 107. Receipts for employees must show taxes separately.*
*SEC. 108. Technical and administrative amendments relating to trust funds.*
*SEC. 109. Advisory council on social security.*
*SEC. 110. Meaning of term "Secretary".*
*SEC. 111. Administration of hospital insurance for the aged by the Railroad Retirement Board.*
*SEC. 112. Additional Under Secretary and Assistant Secretaries of Health, Education, and Welfare.*

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*TITLE XVIII—HEALTH INSURANCE FOR THE AGED—Continued*

*PART 2—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS*

*SEC. 121. Establishment of programs.*

*TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS*

*SEC. 1901. Appropriation.*
*SEC. 1902. State plans for medical assistance.*
*SEC. 1903. Payment to States.*
*SEC. 1904. Operation of State plans.*
*SEC. 1905. Definitions.*
*SEC. 122. Payment by States of premiums for supplementary medical insurance.*
*SEC. 123. Notice concerning benefits provided under title XVIII of Social Security Act.*

*TITLE II—OTHER AMENDMENTS RELATING TO HEALTH CARE*

*PART 1—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES*

*SEC. 201. Increase in maternal and child health services.*
*SEC. 202. Increase in crippled children's services.*
*SEC. 203. Training of professional personnel for the care of crippled children.*
*SEC. 204. Payment for inpatient hospital services.*
*SEC. 205. Special project grants for health of school and preschool children.*
*SEC. 206. Evaluation and report.*
*SEC. 207. Increase in child welfare services.*
*SEC. 208. Day care services.*

*PART 2—IMPLEMENTATION OF MENTAL RETARDATION PLANNING*

*SEC. 211. Authorization of appropriations.*

*PART 3—PUBLIC ASSISTANCE AMENDMENTS RELATING TO HEALTH CARE*

*SEC. 221. Removal of limitations on Federal participation in assistance to individuals with tuberculosis or mental disease.*
*SEC. 222. Amendment to definition of medical assistance for the aged.*

*PART 4—MISCELLANEOUS AMENDMENTS RELATING TO HEALTH CARE*

*SEC. 231. Health study of resources relating to children's emotional illness.*

*TITLE III—SOCIAL SECURITY AMENDMENTS*

*SEC. 300. Short title.*
*SEC. 301. Increase in old-age, survivors, and disability insurance benefits.*
*SEC. 302. Computation and recomputation of benefits.*
*SEC. 303. Disability insurance benefits.*
*SEC. 304. Payment of disability insurance benefits after entitlement to other monthly insurance benefits.*
*SEC. 305. Disability insurance trust fund.*

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*TITLE III—SOCIAL SECURITY AMENDMENTS—Continued*

*SEC. 306. Payment of child's insurance benefits after attainment of age 18 in case of child attending school and in case of child becoming disabled.*
*SEC. 307. Reduced benefits for widows at age 60.*
*SEC. 308. Wife's and widow's benefits for divorced women.*
*SEC. 309. Transitional insured status.*
*SEC. 310. Increase in amount an individual is permitted to earn without suffering full deductions from benefits.*
*SEC. 311. Coverage for doctors of medicine.*
*SEC. 312. Gross income of farmers.*
*SEC. 313. Coverage of tips.*
*SEC. 314. Inclusion of Alaska among States permitted to divide their retirement systems.*
*SEC. 315. Additional period for electing coverage under divided retirement system.*
*SEC. 316. Employees of nonprofit organizations.*
*SEC. 317. Coverage of temporary employees of the District of Columbia.*
*SEC. 318. Coverage for certain additional hospital employees in California.*
*SEC. 319. Tax exemption for religious groups opposed to insurance.*
*SEC. 320. Increase of earnings counted for benefit and tax purposes.*
*SEC. 321. Changes in tax schedules.*
*SEC. 322. Reimbursement of trust funds for cost of noncontributory military service credits.*
*SEC. 323. Adoption of child by retired worker.*
*SEC. 324. Extension of period for filing proof of support and applications for lump-sum death payment.*
*SEC. 325. Treatment of certain royalties for retirement test purposes.*
*SEC. 326. Amendments preserving relationship between railroad retirement and old-age, survivors, and disability insurance systems.*
*SEC. 327. Technical amendment relating to meetings of board of trustees of the old-age, survivors, and disability insurance trust funds.*
*SEC. 328. Applications for benefits.*
*SEC. 329. Overpayments and underpayments.*
*SEC. 330. Payments to two or more individuals of the same family.*
*SEC. 331. Validating certificates filed by ministers.*
*SEC. 332. Determination of attorneys' fees in court proceedings under title II.*
*SEC. 333. Continuation of widow's and widower's insurance benefits after remarriage.*
*SEC. 334. Changes in definition of wife, widow, husband, and widower.*
*SEC. 335. Reduction of benefits on receipt of workmen's compensation.*
*SEC. 336. Facilitating disability determinations.*
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*TITLE III—SOCIAL SECURITY AMENDMENTS—Continued*

*SEC. 340. Qualification of children not qualified under State law.*
*SEC. 341. Employees of members of affiliated group of corporations.*
*SEC. 342. Reduced old-age benefits, wife's benefits, husband's benefits, widower's benefits, parent's benefits, at age 60.*
*SEC. 343. Disclosure, under certain circumstances, to courts and interested welfare agencies of whereabouts of individuals.*
*SEC. 344. Additional period for filing ministers certificates.*
*SEC. 345. Interrelationship between veterans' benefits and increased social security benefits.*
*SEC. 346. Rectifying error in interpreting law with respect to certain school employees in Alaska.*
*SEC. 347. Continuation of child's insurance benefits after adoption by brother or sister.*
*SEC. 348. Disability insurance benefits for the blind; special provisions.*

*TITLE IV—PUBLIC ASSISTANCE AND MISCELLANEOUS AMENDMENTS*

*SEC. 401. Increased Federal payments under public assistance titles of the Social Security Act.*
*SEC. 402. Protective payments.*
*SEC. 403. Disregarding certain earnings in determining need under assistance programs for the aged, blind, and disabled.*
*SEC. 404. Administrative and judicial review of public assistance determinations.*
*SEC. 405. Maintenance of State public assistance expenditures.*
*SEC. 406. Disregarding OASDI benefit increase, and child's insurance benefit payments beyond age 18, to the extent attributable to retroactive effective date.*
*SEC. 407. Extension of grace period for disregarding certain income for States where legislature has not met in regular session.*
*SEC. 408. Technical amendments relating to public assistance programs.*
*SEC. 409. Optometrists' services.*
*SEC. 410. Eligibility of children over age 18 attending school.*
*SEC. 411. Disregarding certain earnings in determining need of certain dependent children.*
*SEC. 412. Federal share of public assistance expenditures.*

(2) Page 7, lines 11 and 12, strike out [post-hospital home health services,] and insert: *home health services,*

(3) Page 7, line 14, after "States" insert: *(or outside the United States in the case of inpatient hospital services furnished under the conditions described in section 1814(f))*

(4)Page 7, lines 18 and 19, strike out [or post-hospital home health services]

(5)Page 8, line 20, strike out [HEALTH] and insert: *MEDICAL*

(6)Page 10, line 8, strike out [hospital and related post-hospital services] and insert: *hospital, related post-hospital, and home health services*

(7)Page 10, lines 17 and 18, strike out [for up to 60 days during any spell of illness]

(8)Page 10, line 20, strike out [20 days (or up to 100 days in certain circumstances) ] and insert: *100 days*

(9)Page 10, strike out lines 22 to 25, inclusive, and insert:

*"(3) home health services for up to 175 visits during any calendar year; and*

(10)Page 11, lines 3 and 4, strike out [ (subject to subsections (c) and (d) ) ]

(11)Page 11, strike out lines 5, 6, and 7.

(12)Page 11, line 8, strike out [ (2) ] and insert: *(1)*

(13)Page 11, line 10, strike out [20] and insert: *100*

(14)Page 11, line 10, strike out [spell.] and insert: *spell;*

(15)Page 11, after line 10, insert:

*"(2) inpatient psychiatric hospital services furnished to him after such services have been furnished to him for a total of 210 days during his lifetime; or*

(16)Page 11, after line 10, insert:

*"(3) post-hospital extended care services which are furnished to him during any spell of illness for the care and treatment of any mental disease after such services have been furnished to him for such care and treatment for a total of 210 days during his lifetime.*

*Solely for the purposes of paragraph (2), a day counted (in determining the 210-day limit) under paragraph (3) with respect to any individual shall be deemed to constitute a day in which inpatient psychiatric hospital services are furnished to such individual; and, solely for purposes of paragraph (3), a day counted (in determining the 210-day limit) under paragraph (2) with respect to any individual shall be deemed to constitute a day in which post-hospital extended care services are furnished to him for the care and treatment of a mental disease.*

(17)Page 11, strike out all after line 10 over to and including line 8 on page 12.

(18)Page 12, line 9, strike out [(e)] and insert: *(c)*

(19)Page 12, line 9, strike out all after "(e)" down to and including "period." in line 14 and insert: *Payment under this part may be made for home health services furnished an individual only for the first 175 visits during any calendar year.*

(20)Page 12, line 18, strike out [(f)] and insert: *(d)*

(21)Page 12, lines 18 and 19, strike out [subsections (b), (c), (d), and (e), inpatient] and insert: *subsection (b), inpatient psychiatric*

(22)Page 12, line 20, strike out [post-hospital]

(23)Page 12, line 25, strike out [(g)] and insert: *(e)*

(24)Page 13, line 2, strike out [Payment] and insert: *The amount payable*

(25)Page 13, strike out lines 5 to 11, inclusive, and insert: *deductible or, if less, the charges imposed with respect to such individual for such services, except that, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed. Such amount shall be further reduced by a deduction equal to one-fourth of the inpatient*

*hospital deductible for each day on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell.*

(26) Page 13, line 12, strike out [Payment] and insert: *The amount payable*

(27) Page 13, line 14, after "to" insert: *the sum of (A)*

(28) Page 13, line 16, after "study" insert: *and (B) 20 per centum of the remainder of such amount*

(29) Page 13, line 17, strike out [and paragraph (1)]

(30) Page 13, line 25, strike out [Payment] and insert: *The amount payable*

(31) Page 14, after line 4, insert:

*"(4) The amount payable for post-hospital extended care services furnished an individual during any spell of illness shall be reduced by a deduction equal to one-eighth of the inpatient hospital deductible for each day (before the 101st day) on which he is furnished such services after such services have been furnished to him for 20 days during such spell.*

(32) Page 14, line 20, strike out [$5] and insert: *$4*

(33) Page 14, line 21, strike out [$5] where it appears the first time and insert: *$4*

(34) Page 14, line 21, strike out [$5] where it appears the second time and insert: *$4*

(35) Page 14, line 22, strike out [$5] and insert: *$4*

(36) Page 16, line 4, after "than" insert: *inpatient psychiatric hospital services and*

(37) Page 16, after line 9, insert:

> *"(B) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or (ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;*

(38) Page 16, line 10, strike out [(B)] and insert: *(C)*

(39) Page 16, line 18, strike out [(C)] and insert: *(D)*

(40) Page 17, line 8, strike out [ (D) ] and insert: *(E)*

(41) Page 17, line 8, strike out [post-hospital]

(42) Page 17, strike out all after line 13 down to and including "services;" in line 19 and insert: *therapy;*

(43) Page 17, line 24, strike out [ (E) ] and insert: *(F)*

(44) Page 18, after line 2, insert:

*"(3) in the case of inpatient psychiatric hospital services, the services are those which the records of the hospital indicate were furnished to the individual during periods when he was receiving (A) intensive treatment services, (B) admission and related services necessary for a diagnostic study, or (C) equivalent services;*

(45) Page 18, line 3, strike out [ (3) ] and insert: *(4)*

(46) Page 18, line 9, strike out [ (4) ] and insert: *(5)*

(47) Page 18, line 20, strike out [ (5) ] and insert: *(6)*

(48) Page 19, line 12, strike out [or (E) ] and insert: *(E), or (F)*

(49) Page 19, line 19, strike out [shall] and insert: *shall, subject to the provisions of section 1813,*

(49a) Page 19, line 20, strike out [ (v) ] and insert: *(u)*

(49b) Page 20, line 9, strike out [ (w) ] and insert: *(v)*

(50) Page 21, after line 16, insert:

*"Payment for Certain Emergency Hospital Services Furnished Outside the United States*

*"(f) The authority contained in subsection (d) shall be applicable to emergency inpatient hospital services furnished an individual by a hospital located outside the United States if—*

*"(1) such individual was physically present in a place within the United States at the time the emergency which necessitated such inpatient hospital services occurred; and*

*"(2) such hospital was closer to, or substantially more accessible from, such place than the nearest hospital within the United States which was adequately equipped to deal with, and was available for the treatment of, such individual's illness or injury.*

(51) Page 23, line 12, after "unless" insert: *(1)*

(52) Page 23, line 13, strike out [ (1) ] and insert: *(A)*

(53) Page 23, line 14, strike out [ (2) ] and insert: *(B)*

(54) Page 23, line 20, strike out [ (3) ] and insert: *(2)*

(55) Page 26, after line 7, insert:

*"(3) No such agency or organization shall be liable to the United States for any payments referred to in paragraph (1) or (2).*

(56) Page 26, line 9, after "(a)" insert: *(1)*

(57) Page 26, line 20, strike out [(1)] and insert: *(A)*

(58) Page 27, line 6, strike out [(2)] and insert: *(B)*

(59) Page 28, after line 2, insert:

*"(2) In addition to the amounts that are appropriated (under the provisions of paragraph (1)) to the Trust Fund, there are authorized to be appropriated to the Trust Fund from time to time such sums as the Secretary deems necessary for any fiscal year in order to place such Trust Fund in the same position at the end of such fiscal year in which it would have been if payment under part A for inpatient hospital services (including inpatient psychiatric hospital services and tuberculosis hospital services) furnished an individual during a spell of illness could not be made after such services had been furnished him for 60 days during such spell.*

(60) Page 28, line 14, after "each" insert: *calendar*

(61) Page 31, line 14, after "Secretary" insert: *of Health, Education, and Welfare*

(62) Page 31, line 16, after "the" insert: *Managing*

(63) Page 33, line 1, strike out [HEALTH] and insert: *MEDICAL*

(64) Page 33, line 3, strike out [HEALTH] and insert: *MEDICAL*

(65) Page 33, line 6, strike out [health] and insert: *medical*

(66) Page 33, strike out lines 16 to 21, inclusive, and insert:

> *"(1) entitlement to have payment made to him or on his behalf (subject to the provisions of this part) for medical and other health services, except those described in paragraph (2)(B); and*

(67) Page 34, strike out lines 1 and 2.

(68) Page 34, line 3, strike out [(B)] and insert: *(A)*

(69) Page 34, line 5, strike out [(C)] and insert: *(B)*

(70) Page 34, line 5, after "services" insert: *(other than physicians' services unless furnished by a resident or intern of a hospital or unless such services are in the field of pathology, radiology, physiatry, or anesthesiology)*

(71) Page 34, line 15, strike out [Health] and insert: *Medical*

(72)Page 34, line 15, strike out [Benefits]

(73)Page 34, line 22, strike out [and] and insert: *except that an organization which provides medical and other health services (or arranges for their availability) on a prepayment basis may elect to be paid 80 percent of the reasonable cost of services for which payment may be made under this part on behalf of individuals enrolled in such organization in lieu of 80 percent of the reasonable charges for such services if the organization undertakes to charge such individuals no more than 20 percent of such reasonable cost plus any amounts payable by them as a result of subsection (b); and*

(73a)Page 34, line 25, strike out [(v)] and insert: *(u)*

(74)Page 35, line 12, strike out [year] and insert: *year, and except that the amount of any deductible imposed under section 1813(a)(2)(A) with respect to outpatient hospital diagnostic services furnished in any year shall be regarded as an incurred expense under this part for such year*

(75)Page 35, strike out all after line 22 over to and including line 4 on page 36.

(76)Page 36, line 5, strike out [(e)] and insert: *(d)*

(77)Page 36, line 8, after "1813" insert: *other than subsection (a)(2)(A) thereof*

(78) Page 36, line 10, strike out [(f)] and insert: *(e)*

(79) Page 36, strike out all after line 16 over to and including line 5 on page 37.

(80) Page 37, line 6, strike out [(b)] and insert: "*SEC. 1834. (a)*

(81) Page 37, line 14, strike out [(c)] and insert: *(b)*

(82) Page 37, lines 14 and 15, strike out [subsections (a)(1) and (b), inpatient psychiatric hospital services and home] and insert: *subsection (a), home*

(83) Page 38, line 6, after "prescribe;" insert: *and*

(84) Page 38, line 11, strike out all after "by" down to and including "period)" in line 14, and insert: *regulations)*

(85) Page 38, strike out lines 15 to 24, inclusive.

(86) Page 38, line 25, strike out [(B)] and insert: *(A)*

(87) Page 39, line 5, strike out [because he needed]

(88) Page 39, line 11, strike out [(C)] and insert: *(B)*

(89) Page 39, line 13, strike out [required;] and insert: *required.*

(90) Page 39, strike out all after line 13 over to and including line 13 on page 40.

(91) Page 40, lines 17 and 18, strike out [(A), (B), or (C)] and insert: *(A) or (B)*

(92) Page 41, strike out lines 6 to 25, inclusive.

(93) Page 42, line 4, strike out [either] and insert: *(A)*

(94) Page 42, line 5, after "or" insert: *(B)*

(95) Page 42, line 6, after "residence" insert: *who has resided in the United States continuously during the 10 years immediately preceding the month in which he applies for enrollment under this part*

(96) Page 43, line 1, strike out [January 1] and insert: *July 1*

(97) Page 43, line 2, strike out all after "on" down to and including "1966" in line 4, and insert: *April 1, 1966, and shall end on September 30, 1966*

(98) Page 43, lines 6 and 7, strike out [January 1] and insert: *July 1*

(99) Page 43, line 14, strike out [odd-numbered] and insert: *even-numbered*

(100) Page 43, line 14, strike out [1967] and insert: *1968*

(101) Page 43, line 20, strike out [July 1, 1966] and insert: *January 1, 1967*

(102) Page 43, strike out lines 21 to 25, inclusive, and insert:

*"(2)(A) in the case of an individual who enrolls pursuant to subsection (d) of section 1837 before the month in which he first satisfies paragraphs (1) and (2) of section 1836, the first day of such month, or*

*"(B) in the case of an individual who enrolls pursuant to such subsection (d) in the month in which he first satisfies such paragraphs, the first day of the month following the month in which he so enrolls, or*

*"(C) in the case of an individual who enrolls pursuant to such subsection (d) in the month following the month in which he first satisfies such paragraphs, the first day of the second month following the month in which he so enrolls, or*

*"(D) in the case of an individual who enrolls pursuant to such subsection (d) more than one month following the month in which he satisfies such paragraphs, the first day of the third month following the month in which he so enrolls, or*

*"(E) in the case of an individual who enrolls pursuant to subsection (e) of section 1837, the July 1 following the month in which he so enrolls.*

(103)Page 44, line 22, strike out [1968] and insert: *1969*

(104)Page 45, line 1, strike out [1967] and insert: *1968*

(105)Page 45, line 4, strike out [1967] and insert: *1968*

(106)Page 45, line 4, strike out [odd-numbered] and insert: *even-numbered*

(107)Page 45, line 12, strike out [Health] and insert: *Medical*

(108)Page 45, line 12, strike out [Benefits]

(109)Page 46, line 22, strike out [Health] and insert: *Medical*

(110)Page 46, line 23, strike out [Benefits]

(111)Page 47, line 16, strike out [Health] and insert: *Medical*

(112)Page 47, line 16, strike out [Benefits]

(113)Page 48, after line 15, insert:

*"(e)(1) In the case of an individual receiving an an-*

*nuity under the Civil Service Retirement Act, or other Act administered by the Civil Service Commission providing retirement or survivorship protection, to whom neither subsection (a) nor subsection (b) applies, his monthly premiums under this part (and the monthly premiums of the spouse of such individual under this part if neither subsection (a) nor subsection (b) applies to such spouse and if such individual agrees) shall, upon notice from the Secretary of Health, Education, and Welfare to the Civil Service Commission, be collected by deducting the amount thereof from each installment of such annuity. Such deduction shall be made in such manner and at such times as the Civil Service Commission may determine. The Civil Service Commission shall furnish such information as the Secretary of Health, Education, and Welfare may reasonably request in order to carry out his functions under this part with respect to individuals to whom this subsection applies.*

*"(2) The Secretary of the Treasury shall, from time to time, but not less often than quarterly, transfer from the Civil Service Retirement and Disability Fund, or the account (if any) applicable in the case of such other Act administered by the Civil Service Commission, to the Federal Supplementary Medical Insurance Trust Fund the aggregate amount deducted under paragraph (1) for the period to*

*which such transfer relates. Such transfer shall be made on the basis of a certification by the Civil Service Commission and shall be appropriately adjusted to the extent that prior transfers were too great or too small.*

(114) Page 48, line 16, strike out [(e)] and insert: *(f)*

(115) Page 48, line 18, strike out [neither subsection (a) nor subsection (b)] and insert: *none of the preceding provisions of this section (other than subsection (d))*

(116) Page 48, line 22, strike out [(f)] and insert: *(g)*

(117) Page 48, line 23, strike out [(e)] and insert: *(f)*

(118) Page 48, line 24, strike out [Health] and insert: *Medical*

(119) Page 48, line 24, strike out [Benefits]

(120) Page 49, line 1, strike out [(g)] and insert: *(h)*

(121) Page 49, line 7, strike out [HEALTH] and insert: *MEDICAL*

(122) Page 49, lines 7 and 8, strike out [BENEFITS]

(123) Page 49, line 11, strike out [Health] and insert: *Medical*

(124) Page 49, line 11, strike out [Benefits]

(125) Page 50, line 3, after "each" insert: *calendar*

(126) Page 53, after line 12, insert:

*"(h) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to pay the costs incurred by the Civil Service Commission in making deductions pursuant to section 1840(e). During each fiscal year, or after the close of such fiscal year, the Civil Service Commission shall certify to the Secretary the amount of the costs it incurred in making such deductions, and such certified amount shall be the basis for the amount of such costs certified by the Secretary to the Managing Trustee.*

(127) Page 53, line 14, strike out all after "(a)" down to and including line 19, and insert: *In order to provide for the administration of the benefits under this part with maximum efficiency and convenience for individuals entitled to benefits under this part and for providers of services and other persons furnishing services to such individuals, and with a view to furthering coordination of the administration of the benefits under part A and under this part, the Secretary is authorized to enter into contracts with carriers, including car-*

*riers with which agreements under section 1816 are in effect, which will perform some or all of the following functions (or, to the extent provided in such contracts, will secure performance thereof by other organizations); and, with respect to any of the following functions which involve payments for physicians' services, the Secretary shall to the extent possible enter into such contracts:*

(127a) Page 55, line 14, strike out [(v)] and insert: *(u)*

(128) Page 56, line 17, after "appropriate." insert: *In determining the reasonable charge for services for purposes of this paragraph, there shall be taken into consideration the customary charges for similar services generally made by the physician or other person furnishing such services, as well as the prevailing charges in the locality for similar services.*

(129) Page 57, after line 25, insert:

*"(3) No such carrier shall be liable to the United States for any payments referred to in paragraph (1) or (2).*

(130) Page 58, line 22, strike out [July 1, 1967] and insert: *January 1, 1968*

(131) Page 59, line 20, strike out [July 1, 1967] and insert: *January 1, 1968*

(132)Page 59, line 23, strike out [July 1967] and insert: *January 1968*

(133)Page 60, line 6, strike out [July 1, 1966] and insert: *January 1, 1967*

(134)Page 60, line 14, strike out [July 1, 1967] and insert: *January 1, 1968*

(135)Page 62, line 6, strike out [Health] and insert: *Medical*

(136)Page 62, line 6, strike out [Benefits]

(137)Page 62, lines 13 and 14, strike out [during the fiscal year ending June 30, 1966]

(138)Page 62, line 16, strike out [the next fiscal year] and insert: *the calendar year 1968*

(139)Page 62, line 19, strike out [July 1966] and insert: *January 1967*

(140)Page 63, line 9, strike out [A or part B,] and insert: *A,*

(141)Page 64, line 12, after "intern" insert: *(other than professional services provided in the field of pathology, radi-*

*ology, physiatry, or anesthesiology under arrangements by the hospital with them)*

(142) Page 64, line 18, strike out [ (or,] and insert: *or,*

(143) Page 64, line 21, strike out [Association) ] and insert: *Association, or, in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of dentistry, approved by the Council on Dental Education of the American Dental Association*

(144) Page 65, line 8, strike out [subsections (i) and (n) ] and insert: *subsection (i)*

(145) Page 66, line 15, strike out [the]

(146) Page 66, line 21, strike out [subsections (i) and (n) ] and insert: *subsection (i)*

(147) Page 67, line 2, strike out all after "or" down to and including "if" in line 5, and insert: *tuberculosis unless*

(148) Page 67, strike out all after line 5 down to and including "if" in line 8, and insert: *(g)) or unless*

(149) Page 67, line 11, strike out [Christ] and insert: *Christ,*

(150) Page 67, line 15, strike out [the] and insert: *such*

(151) Page 68, lines 8 and 9, strike out [enrolled under the insurance program established by part B] and insert: *entitled to hospital insurance benefits under part A*

(152) Page 68, line 14, strike out [the] where it appears the second time.

(153) Page 68, line 21, strike out [the]

(154) Page 69, line 18, strike out [the] where it appears the second time.

(155) Page 70, line 2, strike out [the]

(156) Page 71, lines 24 and 25, strike out [if readmitted thereto within 14 days after discharge therefrom] and insert: *if, within 14 days after discharge therefrom, he is admitted to such facility or any other extended care facility*

(157) Page 73, line 22, strike out [necessary;] and insert: *necessary.*

(158) Page 73, strike out all after line 22 over to and including "culosis." in line 1 on page 74.

(159) Page 74, line 3, after "subsection." insert: *The term 'extended care facility' also includes an institution (or a distinct part of an institution) which is operated, or listed*

*and certified, as a Christian Science nursing home by the First Church of Christ, Scientist, in Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such an institution to in-patients, and payment may be made with respect to services provided by or in such an institution only to the extent and under such conditions, limitations, and requirements (in addition to or in lieu of the conditions, limitations, and requirements otherwise applicable) as may be provided in regulations.*

(160) Page 77, line 1, after "pital" insert: *within the State or otherwise*

(161) Page 79, strike out lines 6 to 17, inclusive.

(161a) Page 79, line 19, strike out [ (o) ] and insert: *(n)*

(162) Page 81, line 1, strike out all after "in" down to and including line 3, and insert: *regulations. The term 'home health agency' also includes a Christian Science visiting nurse service operated, or listed and certified, by the First Church of Christ, Scientist, in Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such a visiting nurse service to individuals, and payment may be made with respect to services provided by such visiting nurse service only to the extent and under such conditions, limitations, and requirements (in addition to or in lieu of the con-*

*ditions, limitations, and requirements otherwise applicable) as may be provided in regulations.*

(162a) Page 81, line 5, strike out [ (p) ] and insert: *(o)*

(162b) Page 81, line 22, strike out [ (q) ] and insert: *(p)*

(162c) Page 82, line 4, strike out [ (r) ] and insert: *(q)*

(163) Page 82, lines 5 and 6, strike out [an individual] and insert: *(1) a doctor of medicine or osteopathy*

(164) Page 82, line 9, after "(a) (7))" insert: , *or (2) a doctor of dentistry or of dental or oral surgery who is legally authorized to practice dentistry by the State in which he performs such function but only with respect to (A) surgery related to the jaw or any structure contiguous to the jaw or (B) the reduction of any fracture of the jaw or any facial bone*

(164a) Page 82, line 11, strike out [ (s) ] and insert: *(r)*

(165) Page 82, line 14, strike out [home health services, or physicians' services] and insert: *or home health services*

(166) Page 82, after line 14, insert:

*"(1)(A) physicians' services;*

*"(B) chiropractors' services; and*

*"(C) podiatrists' services;*

(167) Page 82, after line 14, insert:

*"(2) services and supplies (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) furnished as an incident to a physician's professional service, of kinds which are commonly furnished in physicians' offices and are commonly either rendered without charge or included in the physicians' bills, and hospital services (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) incident to physicians' services rendered to outpatients;*

(168) Page 82, line 15, strike out [ (1) ] and insert: *(3)*

(169) Page 82, line 15, strike out all after "test," down to and including "cephalograms," in line 17.

(170) Page 82, line 18, strike out [ (2) ] and insert: *(4)*

(171) Page 82, line 20, strike out [ (3) ] and insert: *(5)*

(172) Page 82, line 22, strike out [ (4) ] and insert: *(6)*

(173) Page 83, line 1, strike out [ (5) ] and insert: *(7)*

(174) Page 83, line 5, strike out [ (6) ] and insert: *(8)*

(175) Page 83, line 8, strike out [ (7) ] and insert: *(9)*

(176) Page 83, after line 11, insert:

*No diagnostic tests performed in any laboratory which is independent of a physician's office or a hospital shall be included within paragraph (3) unless such laboratory—*

*"(10) if situated in any State in which State or applicable local law provides for licensing of establishments of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing establishments of this nature, as meeting the standards established for such licensing; and*

*"(11) meets such other conditions relating to the health and safety of individuals with respect to whom such tests are performed as the Secretary may find necessary.*

(176a) Page 83, line 13, strike out [(t)] and insert: *(s)*

(177) Page 83, line 15, after "only" insert: *(1)*

(178) Page 83, line 15, after "included" insert: *(or approved for inclusion)*

(179) Page 83, line 16, strike out [or the] and insert: *, the*

(180) Page 83, line 17, after "lary," insert: *or the United States Homeopathic Pharmacopoeia,*

(181) Page 83, line 19, strike out [as are approved] and insert: *(2) combinations of drugs or biologicals if the principal ingredient or ingredients of the combinations meet the conditions specified in clause (1), or (3) such drugs or biologicals as are approved,*

(182) Page 83, line 22, after "biologicals" insert: , *for use in such hospital*

(182a) Page 83, line 24, strike out [ (u) ] and insert: *(t)*

(182b) Page 84, line 2, strike out [ (v) (1) ] and insert: *(u)(1)*

(183) Page 85, line 13, strike out [services), inpatient psychiatric hospital services,] and insert: *services and inpatient psychiatric hospital services)*

(184) Page 86, line 7, strike out [services), inpatient psychiatric hospital services,] and insert: *services and inpatient psychiatric hospital services)*

(185) Page 86, line 15, strike out [or part B, as the case may be,]

(185a) Page 87, line 2, strike out [ (w) ] and insert: *(v)*

(185b) Page 87, line 10, strike out [ (x) ] and insert: *(w)*

(186) Page 87, after line 12, insert:

*"Chiropractors' and Podiatrists' Services*

*"(x)(1) The term 'chiropractor' means an individual who is licensed under State law to practice as a chiropractor in the State; and the term 'chiropractors' services' means services performed by a chiropractor within the scope of his license.*

*"(2) The term 'podiatrist' means an individual who is licensed under State law to practice as a podiatrist in the State; and the term 'podiatrists' services' means services performed by a podiatrist within the scope of his license.*

(187) Page 88, line 2, after "Act" insert: *and other than under a health benefits or insurance plan established for employees of such an entity*

(188) Page 88, line 5, after "States" insert: *(except for emergency inpatient hospital services furnished outside the United States under the conditions described in section 1814 (f))*

(189) Page 88, line 21, strike out [or]

(190) Page 88, line 24, strike out [household.] and insert: *household; or*

(191) Page 88, after line 24, insert:

*"(12) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth.*

(192) Page 89, line 24, strike out all after "provide" over to and including "1861 (e) (8) )" in line 1 on page 90.

(193) Page 90, line 2, after "States" insert: *; except that, in the case of any State or political subdivision of a State which imposes higher requirements on institutions as a condition to the purchase of services in such institutions under a State plan approved under title I, XVI, or XIX, the conditions so prescribed with respect to such institutions in such State or political subdivision, as the case may be, may not be lower than the requirements so imposed by such State or political subdivision*

(194) Page 90, line 12, strike out [agency] where it appears the second time and insert: *agency, or whether a laboratory meets the requirements of paragraphs (10) and (11) of section 1861(s)*

(195) Page 90, line 12, strike out all after "agency." down to and including "Secretary." in line 17, and insert: *An institution or agency which such a State (or local) agency certifies is a hospital, extended care facility, or home health*

*agency (as those terms are defined in section 1861) shall be treated as such by the Secretary: Provided, That in the event the Secretary determines that the hospital, facility, or agency is so inadequate as to endanger the life or health of the people it serves, gives notice of such determination to the certifying State agency, and provides an opportunity for hearing thereon to the State agency.*

(196) Page 91, line 25, strike out [the] where it appears the second time.

(196a) Page 92, line 10, strike out [(o)] and insert: *(n)*

(197) Page 93, line 2, strike out [or section 1835(c)]

(198) Page 93, line 9, strike out [(a) (1) or (a) (2)] and insert: *(a)(1), (a)(2), or (a)(4)*

(199) Page 93, line 16, after "B" insert: *or, in the case of outpatient hospital diagnostic services, for which payment is (or may be) made under part A*

(200) Page 94, line 10, strike out [or 1833(d)]

(201) Page 95, lines 17 and 18, strike out [services), inpatient psychiatric hospital services,] and insert: *services and inpatient psychiatric hospital services)*

(202) Page 96, lines 22 and 23, strike out [services), or

inpatient psychiatric hospital services,] and insert: *services and inpatient psychiatric hospital services)*

(203)Page 101, line 16, strike out [$1,000] and insert: *$100*

(204)Page 102, line 6, after "services" where it appears the first time insert: *or other person*

(205)Page 102, strike out all after line 8 over to and including line 17 on page 103 and insert:

*"(b) Where the Secretary finds that—*

*"(1) more than the correct amount of payment has been made under this title to a provider of services or other person for items or services furnished an individual and the Secretary determines that, within such period as he may specify, the excess over the correct amount cannot be recouped from such provider of services or other person, or*

*"(2) any payment has been made under section 1814(e) to a provider of services or other person for items or services furnished an individual,*

*proper adjustment or recovery shall be made with respect to the amount in excess of the correct amount, under regulations prescribed (after consultation with the Railroad Retirement Board) by the Secretary, by (A) decreasing any pay-*

*ment under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, to which such individual is entitled, or (B) requiring such individual or his estate to refund the amount in excess of the correct amount, or (C) decreasing any payment under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, payable to the estate of such individual or to any other person on the basis of the wages and self-employment income (or compensation) which were the basis of the payments to such individual, or (D) by applying any combination of the foregoing. As soon as practicable after any such adjustment or recovery is determined to be necessary, the Secretary, for purposes of this section, section 1817(g), and section 1841(f), shall certify (to the Railroad Retirement Board if the adjustment is to be made by decreasing subsequent payments under the Railroad Retirement Act of 1937) the amount of the overpayment as to which the adjustment or recovery is to be made.*

(206) Page 103, strike out lines 18 to 24, inclusive, and insert:

*"(c) There shall be no adjustment as provided in subsection (b) of payments (including payments under section 1814(e)) to, or recovery as provided in such subsection by*

*the United States from, any person who is without fault if such adjustment or recovery would defeat the purposes of title II of this Act or of the Railroad Retirement Act of 1937, as the case may be, or would be against equity and good conscience.*

(207) Page 105, line 25, after "care;" insert: *and*

(208) Page 106, line 3, strike out all after "the" where it appears the first time down to and including line 9, and insert: *program.*

(209) Page 106, line 13, strike out [programs."] and insert: *programs.*

(210) Page 106, after line 13, insert:

*"(c) The Secretary shall make a study of methods and procedures that could be employed in providing payment under part B of this title for prescription drugs, including methods of assuring the high quality of drugs for which payment is made, methods of avoiding unnecessary utilization of drugs and methods of controlling costs. The Secretary shall transmit to the Congress, on or before June 30, 1966, a report of such study, including his recommendations as to the best approach to covering drug costs under part B and the feasibility of adopting this approach."*

(211) Page 106, line 16, strike out [April 1] and insert: *October 1*

(212) Page 106, line 20, strike out [April 1] and insert: *October 1*

(213) Page 106, line 22, strike out [October 1, 1966] and insert: *April 1, 1967*

(214) Page 107, line 24, after "is" insert: *(A)*

(215) Page 107, line 25, strike out [an individual] and insert: *(B) an alien lawfully admitted for permanent residence*

(216) Page 108, line 2, strike out [10 years] and insert: *6 months*

(217) Page 109, line 1, after "individual" insert: *more than 3 months*

(218) Page 109, line 14, strike out [at the beginning of such first month,]

(219) Page 109, line 16, strike out all after "of" down to and including line 21, and insert: *1959.*

(220) Page 109, line 25, after "necessary" insert: *for any fiscal year*

(221) Page 110, line 1, after "made" insert: *or to be made during such fiscal year*

(222) Page 110, line 7, after "ing" insert: *or expected to result*

(223) Page 110, line 10, after "position" insert: *at the end of such fiscal year*

(224) Page 111, line 14, strike out [ (1) ] and insert: *(A)*

(225) Page 111, line 17, strike out [ (2) ] and insert: *(B)*

(226) Page 112, line 14, strike out [such] and insert: *this*

(227) Page 114, strike out all after line 21 over to and including line 15 on page 115.

(228) Page 115, line 16, strike out [ (c) ] and insert: *SEC. 106. (a)*

(229) Page 115, line 16, strike out [such Code] and insert: *the Internal Revenue Code of 1954*

(230) Page 116, line 5, strike out [health] and insert: *medical*

(231) Page 116, line 14, after "is" insert: *either*

(232) Page 116, line 15, after "contract," insert: *or fur-*

*nished to the policyholder by the insurance company in a separate statement,*

(233) Page 116, line 21, after "tract" insert: *(or furnished to the policyholder by the insurance company in a separate statement)*

(234) Page 117, strike out lines 12 to 22, inclusive, and insert:

*(b) Section 213 of such Code (relating to medical, dental, etc., expenses) is further amended—*

*(1) by striking out subsection (c) of such section; and*

*(2) by striking out paragraphs (1), (2), and (4) of subsection (g) of such section.*

(235) Page 117, line 23, strike out [(e)] and insert: *(c)*

(236) Page 118, line 25, strike out [Health] and insert: *Medical*

(237) Page 118, line 25, strike out [Benefits]

(238) Page 121, line 2, strike out [Health] and insert: *Medical*

(239) Page 121, line 2, strike out [Benefits]

(240) Page 121, line 9, after "(a)" insert: *As soon as practicable after enactment of this section, the Secretary shall appoint an Advisory Council on Social Security for the purposes set forth in subsection (e).*

(241) Page 121, line 15, strike out [Health] and insert: *Medical*

(242) Page 121, line 15, strike out [Benefits]

(243) Page 122, line 21, after "Council" insert: *(other than the Council appointed under the first sentence of subsection (a))*

(244) Page 123, line 13, strike out [health] and insert: *medical*

(245) Page 123, line 13, strike out [benefits]

(246) Page 123, line 17, strike out [exist."] and insert: *exist.*

(247) Page 123, after line 17, insert:

*"(e) The Council appointed under the first sentence of subsection (a) shall make a comprehensive study of nursing home and other extended care facilities in relation to extended care services under the insurance program under part A of title XVIII, including the availability of such facilities*

*and the types and quality of care provided in such facilities, and shall report its findings and make recommendations based thereon with a view to action necessary to make maximum use of such services and facilities to provide high quality care in extended care facilities under such program. Such Council shall make its report to the Secretary not later than one year after the date of enactment of this section, which report shall thereupon be transmitted to the Congress, and thereafter such Council shall cease to exist."*

(248) Page 123, after line 24, insert:

*ADMINISTRATION OF HOSPITAL INSURANCE FOR THE AGED BY THE RAILROAD RETIREMENT BOARD*

*SEC. 111. (a)(1) Section 226(a) of the Social Security Act is amended by striking out "or is a qualified railroad retirement beneficiary".*

*(2) Section 226(b)(2) of such Act is amended to read as follows:*

*"(2) an individual shall be deemed to be entitled to monthly insurance benefits under section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month".*

*(3) Section 226(c) of such Act is repealed, and subsection (d) of such section 226 is redesignated as subsection (c).*

*(4) Section 1811 of such Act is amended by striking out "or under the railroad retirement system".*

*(5) Subsections (a)(2) and (b)(2) of section 1813 of such Act are amended by striking out "section 226" and inserting in lieu thereof "section 226 or under the Railroad Retirement Act of 1937".*

*(6) Section 1817(g) of such Act is amended by striking out the last sentence and also by striking out "(other than the amounts so certified to the Railroad Retirement Board)" in the first sentence.*

*(7) Section 1841(f) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which have been recovered under subsection (g) of section 21 of the Railroad Retirement Act of 1937."*

*(8) Section 1870(b) of such Act is amended by striking out "(after consultation with the Railroad Retirement Board)"; "(or compensation)"; "(to the Railroad Retirement Board if the adjustment is to be made by decreasing subsequent payments under the Railroad Retirement Act of 1937)"; and "or under the Railroad Retirement Act of*

*1937, as the case may be," wherever such phrase appears in such subsection.*

*(9) Section 1870(c) of such Act is amended by striking out "or of the Railroad Retirement Act of 1937, as the case may be,".*

*(10) The first sentence of section 1874(a) of such Act is amended to read as follows: "Except as otherwise provided in this title and in the Railroad Retirement Act of 1937, the insurance programs established by this title shall be administered by the Secretary."*

*(b)(1) Section 103(a)(3) of the Health Insurance for the Aged Act is amended to read as follows:*

> *"(3) is not, and upon filing application for monthly insurance benefits under section 202 of the Social Security Act would not be, entitled to hospital insurance benefits under section 226 of such Act, and does not meet the requirements set forth in section 21(b) of the Railroad Retirement Act of 1937,".*

*(2) So much of the first sentence of section 103(a) of such Act as follows clause (5) is amended by striking out "becomes certifiable as a railroad retirement beneficiary" and inserting in lieu thereof the following: "meets the requirements set forth in section 21(b) of the Railroad Retirement Act of 1937".*

*(c)(1) Section 21 of the Railroad Retirement Act of 1937 is amended to read as follows:*

*"SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for hospital insurance benefits consisting of inpatient hospital services, post-hospital extended care services, home health services, and outpatient hospital diagnostic services (all hereinafter referred to as 'services') within the meaning of section 226, and parts A and C of title XVIII, of the Social Security Act as the Secretary of Health, Education, and Welfare has under such section and such parts with respect to individuals to whom such section and such parts apply. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for the services referred to in the next preceding sentence shall be the same as those of individuals to whom section 226, and part A of title XVIII, of the Social Security Act apply and this section shall be administered by the Board as if the provisions of such section and such part A were applicable, as if references to the Secretary of Health, Education, and Welfare were to the Board, as if references to the Federal Hospital Insurance Trust Fund*

*were to the Railroad Retirement Account, as if references to the United States or a State included Canada or a subdivision thereof, and as if the provisions of sections 1862(a)(4), 1863, 1867, 1868, 1874(b), and 1875 of such title XVIII were not included in such title. For purposes of section 11, a determination with respect to the rights of an individual under this section shall, except in the case of a provider of services, be considered to be a decision with respect to an annuity.*

*"(b) Except as otherwise provided in this section, every individual who—*

*"(A) has attained age 65, and*

*"(B)(i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service and, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under section 6, or (iv) bears a relationship to an employee which, by reason of section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,*

*shall be entitled to have payment made for the services referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for services herein provided for shall be made from the Railroad Retire-*

*ment Account (in accordance with, and subject to, the conditions applicable under section 10(b) in making payment of other benefits) to the hospital, extended care facility, or home health agency providing such services, including such services provided in Canada to individuals to whom this subsection applies, but only to the extent that the amount of payments for services otherwise hereunder provided for an individual exceeds the amount payable for like services provided pursuant to the law in effect in the place in Canada where such services are furnished. For the purposes of this section, an individual shall be entitled to have payment made for the services referred to in subsection (a) provided during the month in which he died if he would be entitled to have payment for services provided during such month had he died in the next month.*

*"(c) No individual shall be entitled to have payment made for the same services, which are provided for in this section, under both (i) this section and (ii) section 226, and part A of title XVIII, of the Social Security Act, and no individual shall be entitled to have payment made under both (i) this section and (ii) section 226, and part A of title XVIII, of the Social Security Act for more than would be payable if he were qualified only under the provisions described in clause (i) or only under the provisions described*

*in clause (ii). In any case in which an individual would, but for the preceding sentence, be entitled to have payment made under both the provisions described in clause (i) and the provisions described in clause (ii) in such preceding sentence, payment for such services to which such individual would be entitled shall be made in accordance with the procedures established pursuant to the next succeeding sentence, upon certification by the Board or by the Secretary of Health, Education, and Welfare. It shall be the duty of the Board and such Secretary with respect to such cases jointly to establish procedures designed to minimize duplications of requests for payment for such services, and of determinations, and to assign administrative functions between them so as to promote the greatest facility, efficiency, and consistency of administration of this section and section 226, and part A of title XVIII, of the Social Security Act; and subject to the provisions of this subsection to assure that the rights of individuals under this section or section 226, and part A of title XVIII, of the Social Security Act shall not be impaired or diminished by reason of the administration of this section and section 226, and part A of title XVIII, of the Social Security Act. The procedures so established may be included in regulations issued by the Board and by the Secretary of Health, Education, and Welfare to implement this*

*section and such section 226, and part A of title XVIII, respectively.*

*"(d) Any agreement entered into by the Secretary of Health, Education, and Welfare pursuant to part A or part C of title XVIII of the Social Security Act shall be entered into on behalf of both such Secretary and the Board. The preceding sentence shall not be construed to limit the authority of the Board to enter on its own behalf into any such agreement relating to services provided in Canada or in any facility devoted primarily to railroad employees.*

*"(e) A request for payment for services filed under this section shall be deemed to be a request for payment for services filed as of the same time under section 226, and part A of title XVIII, of the Social Security Act, and a request for payment for services filed under such section 226 and such part shall be deemed to be a request for payment for services filed as of the same time under this section.*

*"(f) The Board and the Secretary of Health, Education, and Welfare shall furnish each other with such information, records, and documents as may be considered necessary to the administration of this section or section 226, and part A of title XVIII, of the Social Security Act.*

*"(g) Any payment to any provider of services or other person (covered by this section or part B of title XVIII of the Social Security Act) with respect to items or services*

*furnished any individual who meets the requirements of subsection (b) of this section shall be governed, to the extent applicable, and as if references to the Secretary were references to the Board, by the provisions of section 1870 of the Social Security Act and treated for the purposes of section 9 of this Act, as if it were a payment of an annuity or pension, except that any recovery of overpayment under part B of title XVIII of the Social Security Act shall be transferred to the Federal Supplementary Medical Insurance Trust Fund.*

*"(h) For purposes of this section (and sections 1840, 1843, and 1870 of the Social Security Act), entitlement to an annuity or pension under this Act shall be deemed to include entitlement under the Railroad Retirement Act of 1935.*

*"(i) There are authorized to be appropriated to the Railroad Retirement Account from time to time such sums as the Board finds sufficient to cover—*

*"(1) the costs of payments made from such account under this section,*

*"(2) the additional administrative expenses resulting from such payments, and*

*"(3) any loss of interest to such account resulting from such payments,*

*in cases where such payments are not includible in determinations under section 5(k)(2)(A)(iii) of this Act,*

*provided such payments could have been made as a result of section 103 of the Health Insurance for the Aged Act but for eligibility under subsection (b) of this section."*

*(2) Section 5(k)(2) of such Act is amended—*

*(A) by striking out subparagraphs (A) and (B) and redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively;*

*(B) by striking out the second sentence and the last sentence of subdivision (i) of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph; and by striking out from the said subdivision (i) "the Retirement Account" and inserting in lieu thereof "the Railroad Retirement Account (hereinafter termed 'Retirement Account')";*

*(C) by adding at the end of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph the following new subdivision:*

*"(iii) At the close of the fiscal year ending June 30, 1966, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which, if added to or subtracted from the Federal Hospital Insurance Trust Fund, would place such fund in the same position in which it would have been if service as an employee after December 31,*

*1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. Such determination shall be made no later than June 15 following the close of the fiscal year. If such amount is to be added to the Federal Hospital Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Hospital Insurance Trust Fund; if such amount is to be subtracted from the Federal Hospital Insurance Trust Fund the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Hospital Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined under subparagraph (B) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification;"*

*(D) by striking out "subparagraph (D)" where it appears in the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph, and inserting in lieu thereof "subparagraph (B)";*

*(E) by striking out "subparagraphs (B) and (C)" where it appears in the subparagraph redesignated as subparagraph (B) by subparagraph (A) of this paragraph and inserting in lieu thereof "subparagraph (A)"; and*

*(F) by amending the subparagraph redesignated as subparagraph (C) by subparagraph (A) of this paragraph to read as follows:*

*"(C) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund from the Retirement Account or to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraph (A), and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the Retirement Account or from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance*

*1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. Such determination shall be made no later than June 15 following the close of the fiscal year. If such amount is to be added to the Federal Hospital Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Hospital Insurance Trust Fund; if such amount is to be subtracted from the Federal Hospital Insurance Trust Fund the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Hospital Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined under subparagraph (B) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification;"*

*(D) by striking out "subparagraph (D)" where it appears in the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph, and inserting in lieu thereof "subparagraph (B)";*

*(E) by striking out "subparagraphs (B) and (C)" where it appears in the subparagraph redesignated as subparagraph (B) by subparagraph (A) of this paragraph and inserting in lieu thereof "subparagraph (A)"; and*

*(F) by amending the subparagraph redesignated as subparagraph (C) by subparagraph (A) of this paragraph to read as follows:*

*"(C) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund from the Retirement Account or to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraph (A), and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the Retirement Account or from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance*

*Trust Fund, or the Federal Hospital Insurance Trust Fund."*

*(d)(1) Section 3201 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under the Railroad Retirement Tax Act) is amended by striking out "section 3101(a)" and inserting in lieu thereof "section 3101(a) plus the rate imposed by section 3101(b)".*

*(2) Section 3211 of such Code (relating to the rate of tax on employee representatives under the Railroad Retirement Tax Act) is amended by striking out "section 3101(a)" and inserting in lieu thereof "section 3101(a) plus the rate imposed by section 3101(b)".*

*(3) Section 3221(b) of such Code (relating to the rate of tax on employers under the Railroad Retirement Tax Act) is amended by striking out "section 3111(a)" and inserting in lieu thereof "section 3111(a) plus the rate imposed by section 3111(b)".*

*(4) Section 1401(b) of such Code (relating to the rate of tax under the Self-Employment Contributions Act) is amended by striking out the last sentence.*

*(5) Section 3101(b) of such Code (relating to the rate of tax on employees under the Federal Insurance Contributions Act) is amended by striking out ", but without*

*regard to the provisions of paragraph (9) thereof insofar as it relates to employees".*

*(6) Section 3111(b) of such Code (relating to the rate of tax on employers under the Federal Insurance Contributions Act) is amended by striking out ", but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees".*

*(e)(1) The amendments made by the preceding provisions of this section shall become effective January 1, 1966, if the requirement in paragraph (2) with respect to such date has been met. If such requirement has not been met with respect to January 1, 1966, such amendments shall become effective on the first January 1 thereafter with respect to which such requirement has been met.*

*(2) The requirement referred to in paragraph (1) shall be deemed to have been met with respect to any January 1 if, as of the October 1 immediately preceding such January 1, the Railroad Retirement Tax Act provides that the maximum amount of monthly compensation taxable under such Act for the following January will be an amount equal to or in excess of one-twelfth of the maximum wages which the Federal Insurance Contributions Act provides may be counted for the calendar year beginning on the first day of such following January.*

(249)Page 123, after line 24, insert:

*ADDITIONAL UNDER SECRETARY AND ASSISTANT SECRETARIES OF HEALTH, EDUCATION, AND WELFARE*

*SEC. 112. (a) There shall be in the Department of Health, Education, and Welfare an additional Under Secretary of Health, Education, and Welfare who shall be appointed by the President, by and with the advice and consent of the Senate, shall perform such duties as the Secretary of Health, Education, and Welfare may prescribe, and shall serve as Secretary during the absence or disability of the Secretary and the Under Secretary now provided for, in accordance with directives of the Secretary.*

*(b) There shall be in the Department of Health, Education, and Welfare, in addition to the Assistant Secretaries otherwise provided by law, two Assistant Secretaries of Health, Education, and Welfare who shall be appointed by the President, by and with the advice and consent of the Senate. The provisions of section 2 of the Reorganization Plan Numbered 1 of 1953 (67 Stat. 631) shall be applicable to such additional Assistant Secretaries to the same extent as they are applicable to the Assistant Secretaries authorized by such section.*

*(c) The rate of compensation of such additional Under*

*Secretary and Assistant Secretaries shall be the same as that applicable to the Under Secretary and Assistant Secretaries, respectively, whose positions are established by section 2 of such Reorganization Plan.*

(250) Page 125, line 13, after "share" insert: *or provide for distribution of funds from Federal or State sources, for carrying out the State plan, on an equalization or other basis which will assure that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan*

(251) Page 126, strike out lines 5 to 14, inclusive, and insert:

> *"(5) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan, except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged);*

(252) Page 127, line 5, after "(9)" insert: *(A)*

(253) Page 127, line 10, after "services;" insert: *and*

(254) Page 127, after line 10, insert:

*"(B) provide that, after June 30, 1967, the requirements under the standards established and maintained by such authority or authorities shall include any requirements which may be contained in standards established by the Secretary relating to protection against fire and other hazards to the health and safety of individuals in such private or public institutions;*

(255) Page 127, line 15, after "that" insert: *(except as to care and services described in paragraph (4) or (14) of section 1905(a))*

(256) Page 127, line 23, strike out [assistance] and insert: *or remedial care and services*

(257) Page 128, line 1, strike out [assistance is] and insert: *or remedial care and services are*

(258) Page 128, line 7, after "provide" insert: *(except as to care and services described in paragraph (4) or (14) of section 1905(a))*

(259) Page 128, line 8, strike out [assistance] and insert: *or remedial care and services*

(260) Page 128, line 14, after "medical" insert: *or remedial*

(261) Page 128, line 15, strike out [assistance] and insert: *or remedial care and services*

(262) Page 132, line 22, strike out [tuberculosis or]

(263) Page 133, lines 1 and 2, strike out [or tuberculosis (as the case may be)]

(264) Page 134, strike out line 11.

(265) Page 134, line 20, strike out [diseases.] and insert: *diseases;*

(266) Page 134, after line 20, insert:

*"(22) include descriptions of (A) the kinds and numbers of professional medical personnel and supporting staff that will be used in the administration of the plan and of the responsibilities they will have, (B) the standards, for private or public institutions in which recipients of medical assistance under the plan may receive care or services, that will be utilized by the State authority or authorities responsible for establishing and maintaining such standards, (C) the cooperative arrangements with State health agencies and State vocational rehabilitation agencies entered into with a view to maximum utilization of and coordination of the provision of medical assistance with the services administered or supervised by such agencies, and (D) other*

*standards and methods that the State will use to assure that medical or remedial care and services provided to recipients of medical assistance are of high quality; and*

(267) Page 134, after line 20, insert:

*"(23) provide that any individual entitled to medical assistance may obtain such medical assistance from any institution, agency, or person qualified to perform the service or services required who undertakes to provide him such services.*

(268) Page 135, line 9, strike out [the] and insert: *a different*

(269) Page 135, strike out all after line 9 down to and including "aged)" in line 12.

(270) Page 137, line 11, after "compensation" insert: *or training*

(271) Page 137, line 23, strike out [tuberculosis or]

(272) Page 141, line 10, strike out [by July 1, 1975,] and insert: *(on or before the first day of the calendar quarter following the 40-calendar quarter period beginning with the first calendar quarter for which the plan is effective)*

(273) Page 142, lines 13 and 14, strike out [, except for

section 406(a)(2), are (or would, if needy, be) dependent children under title IV (and]

(274)Page 142, line 15, strike out [21)] and insert: *21*

(275)Page 142, line 21, after "services" insert: *(other than services in an institution for tuberculosis or mental diseases)*

(276)Page 142, line 24, after "services" insert: *(other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older and dental services for individuals under the age of 21*

(277)Page 143, line 10, strike out [dental services;] and insert: *skilled nursing home services and dental services for other individuals;*

(278)Page 143, line 17, strike out [and]

(279)Page 143, after line 17, insert:

*"(14) inpatient hospital services and skilled nursing home services in an institution for tuberculosis or mental diseases; and*

(280)Page 143, line 18, strike out [(14)] and insert: *(15)*

(281)Page 145, line 4, strike out [after June 30, 1967] and insert: *thereafter*

(282) Page 145, strike out lines 8 to 16, inclusive, and insert:

*(2) Section 1109 of such Act is amended to read: "Any amount which is disregarded (or set aside for future needs) in determining eligibility of and amount of the aid or assistance for any individual under a State plan approved under title I, IV, X, XIV, XVI, or XIX shall not be taken into consideration in determining the eligibility of and amount of aid or assistance for any other individual under a State plan approved under any other of such titles."*

(283) Page 145, line 22, strike out [HEALTH] and insert:

*MEDICAL*

(284) Page 146, line 5, after "(A)" insert: *, and in the parenthetical phrase appearing in paragraph (2) thereof*

(285) Page 146, after line 5, insert:

*NOTICE CONCERNING BENEFITS PROVIDED UNDER TITLE XVIII OF SOCIAL SECURITY ACT*

*SEC. 123. (a) The Secretary shall, not later than July 1, 1966, provide personal notice (containing the information and data prescribed under subsection (b)) to—*

*(1) each individual who is expected (by reason of entitlement to, or application for, benefits) to be entitled to monthly insurance benefits for the month of June 1966 under the insurance program established*

*by title II of the Social Security Act, and who will have attained age 65 on or before such month;*

*(2) each individual who is expected (by reason of entitlement to, or application for, benefits) to be entitled to an annuity or pension under the Railroad Retirement Act of 1937 for the month of June 1966, and who will have attained age 65 on or before such month;*

*(3) each individual whom the Secretary has reason to believe would be entitled to the benefits provided by part A of title XVIII of the Social Security Act by reason of the provisions of section 103 of the Social Security Amendments of 1965, if the Secretary (A) knows the name and address of such individual, and (B) has occasion (without regard to this section) to send any other notice or correspondence to such individual.*

*(b) The notice referred to in subsection (a) shall contain (1) a separate description of the benefits provided under part A of title XVIII of the Social Security Act, examples of types of health care which are not provided by such part A, and information as to the class of persons eligible to qualify for such benefits, as well as the procedure to be followed to apply for such benefits, (2) a separate description of the benefits provided under part B of such title*

*XVIII, examples of the types of health care which are not provided by such part B, and information as to the class of persons eligible to qualify for such benefits, the conditions and limitations imposed upon the receipt of such benefits, and the procedure to be followed in applying for such benefits, and (3) advice to the individual that he should make arrangements through other insurance programs or otherwise to protect himself against health care costs which are not covered by part A or B of such title XVIII, or both such part A and part B.*

*(c) In addition to the personal notices required to be sent under subsections (a) and (b), the Secretary shall utilize to the fullest extent feasible other media of communications to apprise the public of the information and data required to be contained in the notice described in subsection (b).*

*(d) The Secretary shall also furnish a personal notice (containing the information and data prescribed under subsection (b)) to each individual who after June 1966 becomes entitled to monthly insurance benefits under title II of the Social Security Act and who has, at the time he becomes so entitled, attained age 65, or will attain such age within one year thereafter.*

*(e) The Railroad Retirement Board shall furnish to the Secretary such information as it may possess and which may be necessary or useful to enable the Secretary to carry out the provisions of subsection (a)(2). Such Board also shall furnish to each individual who becomes entitled to an annuity or pension under the Railroad Retirement Act of 1937 after June 1966 and who, at the time he becomes so entitled, has attained age 65 (or will attain such age within one year thereafter) a personal notice containing the information and data prescribed in subsection (b).*

(286) Page 146, line 18, after "$60,000,000" insert: *each*

(287) Page 147, line 13, after "$60,000,000" insert: *each*

(288) Page 150, line 3, strike out [$40,000,000] and insert: *$45,000,000*

(289) Page 150, line 4, strike out [$45,000,000] and insert: *$50,000,000*

(290) Page 150, line 5, strike out [$50,000,000] and insert: *$55,000,000*

(291) Page 150, line 20, strike out [section] and insert: *subsection*

(292) Page 151, line 8, strike out [section] and insert: *subsection*

(293) Page 151, after line 13, insert:

*"(c) From the sums appropriated pursuant to subsection (a), the Secretary is also authorized to make grants to the State health agency, the State mental health agency, and the State public welfare agency of any State and (with the consent of such State health, mental health, or public welfare agency) to the health agency, mental health agency, and public welfare agency, respectively, of any political subdivision of the State, and to any public or nonprofit private agency or institution to pay not to exceed 75 per centum of the cost of projects providing for the identification (with a view to providing for as early identification as possible), care, and treatment of children who are, or are in danger of becoming, emotionally disturbed, including the followup of children receiving such care or treatment. No project shall be eligible for a grant under this subsection unless it provides for coordination of the care and treatment provided under it with, and utilization (to the extent feasible) of, community mental health centers and other State or local agencies engaged in health, welfare, or education programs or activities for such children.*

(294) Page 151, line 14, strike out [ (c) ] and insert: *(d)*

(295) Page 152, after line 2, insert:

*INCREASE IN CHILD WELFARE SERVICES*

*SEC. 207. Section 521 of the Social Security Act is amended by striking out "$40,000,000" and all that follows and inserting in lieu thereof "$40,000,000 for the fiscal year ending June 30, 1965, $45,000,000 for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $55,000,000 for the fiscal year ending June 30, 1968, $55,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 each year for the fiscal year ending June 30, 1970, and succeeding fiscal years."*

(296) Page 152, after line 2, insert:

*DAY CARE SERVICES*

*SEC. 208. (a)(1) Part 3 of title V of the Social Security Act is amended by striking out section 527.*

*(2) The second sentence of section 1108 of such Act is amended by striking out "522(a), and 527(a)" and inserting in lieu thereof "and 522(a)" and by striking out "(or, in the case of section 527(a), the minimum)".*

*(b) Section 522 of such Act is amended to read as follows:*

*"SEC. 522. The sum appropriated pursuant to section 521 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have*

*plans developed jointly by the State agency and the Secretary, as follows: He shall allot $70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 524) bears to the sum of the corresponding products of all the States."*

*(c) Section 523(a)(1)(B) of such Act is amended by striking out "and" at the end of clause (iii) and by inserting after clause (iv) the following new clause:*

*"(v) that day care provided under the plan will be provided only in facilities (including private homes) which are licensed by the State, or approved (as meeting the standards established for such licensing) by the State agency responsible for licensing facilities of this type, and".*

*(d) The amendments made by this section shall apply in the case of appropriations under section 521 of the Social Security Act made for fiscal years beginning after June 30, 1965, and allotments thereof and payments from such allotments.*

(297) Page 153, line 4, strike out [AGED]

(298) Page 154, line 8, strike out [tuberculosis or]

(299) Page 154, lines 11 and 12, strike out [or tuberculosis (as the case may be)]

(300) Page 156, lines 11 and 12, strike out [tuberculosis or]

(301) Page 158, line 17, after "Act" insert: *(as amended by section 403(c) of this Act)*

(302) Page 158, line 24, strike out [tuberculosis or]

(303) Page 159, lines 3 and 4, strike out [or tuberculosis (as the case may be)]

(304) Page 161, line 9, strike out [tuberculosis or]

(305) Page 163, after line 13, insert:

*PART 4—MISCELLANEOUS AMENDMENTS RELATING TO HEALTH CARE*

*HEALTH STUDY OF RESOURCES RELATING TO CHILDREN'S EMOTIONAL ILLNESS*

*SEC. 231. (a) The Secretary of Health, Education, and Welfare is authorized, upon the recommendation of the National Advisory Mental Health Council and after securing the advice of experts in pediatrics and child welfare, to make grants for carrying out a program of research into and study of our resources, methods, and practices for diagnosing or*

*preventing emotional illness in children and of treating, caring for, and rehabilitating children with emotional illnesscs.*

*(b) Such grants may be made to one or more organizations, but only on condition that the organization will undertake and conduct, or if more than one organization is to receive such grants, only on condition that such organizations have agreed among themselves to undertake and conduct, a coordinated program of research into and study of all aspects of the resources, methods, and practices referred to in subsection (a).*

*(c) As used in subsection (b), the term "organization" means a nongovernmental agency, organization, or commission, composed of representatives of leading national medical, welfare, educational, and other professional associations, organizations, or agencies active in the field of mental health of children.*

*(d) There are authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $500,000 to be used for a grant or grants to help initiate the research and study provided for in this section; and the sum of $500,000 for the succeeding fiscal year for the making of such grants as may be needed to carry the research and study to completion. The terms of any such grant shall*

*provide that the research and study shall be completed not later than two years from the date it is inaugurated; that the grantee shall file annual reports with the Congress, the Secretary, and the Governors of the several States, among others that the grantee may select; and that the final report shall be similarly filed.*

(306) Page 164, strike out all of the table after the line which reads

| | | | | | | |
|---|---|---|---|---|---|---|
| " | | 108 | 310 | 314 | 115.60 | 251.20" |

over to and including the line which reads

| | | | | | | |
|---|---|---|---|---|---|---|
| " | | | 465 | 466 | 149.90 | 312.00" " |

on page 165 and insert:

| | | | | | |
|---|---|---|---|---|---|
| | 109 | 315 | 319 | 116.70 | 255.20 |
| | 110 | 320 | 323 | 117.70 | 258.40 |
| | 111 | 324 | 328 | 118.80 | 262.40 |
| | 112 | 329 | 333 | 119.90 | 266.40 |
| | 113 | 334 | 337 | 121.00 | 269.60 |
| | 114 | 338 | 342 | 122.00 | 273.60 |
| | 115 | 343 | 347 | 123.10 | 277.60 |
| | 116 | 348 | 351 | 124.20 | 280.80 |
| | 117 | 352 | 356 | 125.20 | 284.80 |
| | 118 | 357 | 361 | 126.30 | 288.80 |
| | 119 | 362 | 365 | 127.40 | 292.00 |
| | 120 | 366 | 370 | 128.40 | 296.00 |
| | 121 | 371 | 375 | 129.50 | 298.00 |
| | 122 | 376 | 379 | 130.60 | 299.60 |
| | 123 | 380 | 384 | 131.70 | 301.60 |
| | 124 | 385 | 389 | 132.70 | 303.60 |
| | 125 | 390 | 393 | 133.80 | 305.20 |
| | 126 | 394 | 398 | 134.90 | 307.20 |
| | 127 | 399 | 403 | 135.90 | 309.20 |
| | | 404 | 407 | 137.00 | 310.80 |
| | | 408 | 412 | 138.00 | 312.80 |
| | | 413 | 417 | 139.00 | 314.80 |
| | | 418 | 421 | 140.00 | 316.40 |
| | | 422 | 426 | 141.00 | 318.40 |
| | | 427 | 431 | 142.00 | 320.40 |
| | | 432 | 436 | 143.00 | 322.40 |
| | | 437 | 440 | 144.00 | 324.00 |
| | | 441 | 445 | 145.00 | 326.00 |
| | | 446 | 450 | 146.00 | 328.00 |
| | | 451 | 454 | 147.00 | 329.60 |
| | | 455 | 459 | 148.00 | 331.60 |
| | | 460 | 464 | 149.00 | 333.60 |
| | | 465 | 468 | 150.00 | 335.20 |
| | | 469 | 473 | 151.00 | 337.20 |
| | | 474 | 478 | 152.00 | 339.20 |
| | | 479 | 482 | 153.00 | 340.80 |
| | | 483 | 487 | 154.00 | 342.80 |
| | | 488 | 492 | 155.00 | 344.80 |
| | | 493 | 496 | 156.00 | 346.40 |
| | | 497 | 501 | 157.00 | 348.40 |
| | | 502 | 506 | 158.00 | 350.40 |
| | | 507 | 510 | 159.00 | 352.00 |
| | | 511 | 515 | 160.00 | 354.00 |
| | | 516 | 520 | 161.00 | 356.00 |
| | | 521 | 524 | 162.00 | 357.60 |
| | | 525 | 529 | 163.00 | 359.60 |
| | | 530 | 534 | 164.00 | 361.60 |
| | | 535 | 538 | 165.00 | 363.20 |
| | | 539 | 543 | 166.00 | 365.20 |
| | | 544 | 548 | 167.00 | 367.20 |
| | | 549 | 550 | 168.00 | 368.00" |

(307) Page 167, line 3, after "person" insert: *(other than a person who would not be entitled to such benefits for such month without the application of the amendments made by section 306 of the Social Security Amendments of 1965)*

(308) Page 167, line 15, after "person" insert: *(other than a person who would not be entitled to such benefits for such month without the application of the amendments made by section 306 of the Social Security Amendments of 1965)*

(309) Page 168, strike out all after line 23, over to and including all of the table following line 8 on page 169.

(310) Page 174, line 24, after "his" insert: *monthly*

(311) Page 176, after line 9, insert:

*(7) Effective January 2, 1966, subparagraph (B) of section 102(f)(2) of the Social Security Amendments of 1954 is repealed.*

(312) Page 176, strike out lines 11 to 18, inclusive, and insert:

*SEC. 303. (a)(1) Clause (A) of the first sentence of section 216(i) of the Social Security Act is amended by striking out "or to be of long-continued and indefinite duration" and inserting in lieu thereof "or has lasted or can be*

*expected to last for a continuous period of not less than 12 calendar months".*

*(2) Section 223(c)(2) of such Act is amended to read as follows:*

*"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 calendar months. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required."*

(313) Page 177, strike out all after line 16 over to and including line 3 on page 178 and insert:

*"(D) A period of disability shall end with the close of whichever of the following months is the earlier: (i) the month preceding the month in which the individual attains age 65, or (ii) the second month following the month in which the disability ceases.*

(314) Page 178, strike out lines 4 to 14, inclusive.

(315) Page 178, line 15, strike out [ (F) ] and insert: *(E)*

(316) Page 179, strike out lines 1 to 11, inclusive, and insert:

*(3) Subparagraph (D) of paragraph (1) of section*

*223(a) of such Act is repealed, subparagraph (C) of such paragraph is amended by striking out "and", and subparagraph (B) of such paragraph is amended by inserting "and" at the end thereof.*

(317) Page 179, strike out all after line 14 over to and including line 14 on page 181 and insert:

*(c) Section 223(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "An individual who would have been entitled to a disability insurance benefit for any month had he filed application therefor before the end of such month shall be entitled to such benefit for such month if he files such application before the end of the 12th month immediately succeeding such month."*

(318) Page 181, line 15, strike out [ (B) ] and insert: *(d)*

(319) Page 181, after line 17, insert:

*(e) So much of section 215(a)(4) of such Act as precedes "the amount in column IV" is amended to read as follows:*

*"(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to old-age insurance benefits, or attained age 65,".*

(320) Page 181, line 18, strike out [(e) (1)] and insert: *(f)(1)*

(321) Page 181, lines 19 and 20, strike out [paragraph (3) of subsection (d)] and insert: *subsections (c) and (d)*

(322) Page 181, line 21, strike out [(B), (E), and (F)] and insert: *(B) and (E)*

(323) Page 182, line 21, after "enacted." insert: *The preceding sentence shall also be applicable in the case of applications for monthly insurance benefits under title II of the Social Security Act based on the wages and self-employment income of an applicant with respect to whose application for disability insurance benefits under section 223 of such Act such preceding sentence is applicable.*

(324) Page 182, strike out all after line 21 over to and including line 20 on page 183 and insert:

*(2) The amendment made by subsection (e) shall apply in the case of the primary insurance amounts of individuals who attain age 65 after the enactment of this Act.*

(325) Page 184, lines 4 and 5, strike out [such disability insurance benefit for such month] and insert: *the larger of such benefits for such month, except that, if such individual*

*so elects, he shall instead be entitled to only the smaller of such benefits for such month*

(326) Page 186, line 5, strike out [paragraph] and insert: *subparagraph*

(327) Page 186, line 6, strike out [paragraphs] and insert: *subparagraphs*

(328) Page 188, lines 7 and 8, strike out [So much of section 215 (a) (4) of such Act as follows clause (B) ] and insert: *Section 215(a)(4) of such Act*

(329) Page 189, line 5, strike out [$\frac{3}{4}$] and insert: *0.76*

(330) Page 189, line 10, strike out [$\frac{9}{16}$] and insert: *0.57*

(331) Page 189, line 16, after "SCHOOL" insert: *AND IN CASE OF CHILD BECOMING DISABLED*

(332) Page 189, line 24, strike out all after "of" over to and including "death" in line 2 on page 190 and insert: *22*

(333) Page 190, strike out all after line 14 over to and including line 22 on page 192 and insert:

*"(E) the month in which such child attains the age of 18 and is not under a disability (as so defined) and*

*is not a full-time student during any part of such month,*

*"(F) the first month after the month in which such child attains the age of 18 and, in such first month, is not under a disability (as so defined) and is not a full-time student during any part of such first month, but only if in the third month preceding such first month he was not under a disability,*

*"(G) the month in which such child attains the age of 22 and is not under a disability (as so defined), but only if in the third month preceding such month he was not under a disability, or*

*"(H) the third month following the month in which he ceases to be under such disability."*

(334) Page 193, line 4, strike out all after "terminated" down to and including "month," in line 6 and insert: *under the preceding provisions of this subsection*

(335) Page 193, line 10, strike out all after "22" down to and including line 15 and insert: *, or in which he is under a disability (as defined in section 223(c)) which began before he attained the age of 22, if he also meets the requirements of subparagraphs (A) and (B) of paragraph (1); and such reentitlement shall end thereafter in accordance with the provisions of subparagraph (D), (F), (G), or (H) of paragraph (1).*

(336)Page 195, line 13, strike out [which began before he attained such age]

(337)Page 195, strike out all after line 15 down to and including "months)" in line 19.

(338)Page 195, line 21, strike out [(b) (4)] and insert: *(b)(3)*

(339)Page 195, line 21, strike out [(e) (4)] and insert: *(e)(3)*

(340)Page 195, line 21, strike out [(g) (4)] and insert: *(g)(3)*

(341)Page 195, line 25, strike out [18] and insert: *22*

(342)Page 196, line 2, strike out all after "occurred" down to and including "months)" in line 5.

(343)Page 196, line 7, strike out [(b) (4)] and insert: *(b)(3)*

(344)Page 196, line 7, strike out [(e) (4)] and insert: *(e)(3)*

(345)Page 196, line 8, strike out [(g) (4)] and insert: *(g)(3)*

(346) Page 196, line 16, strike out all after "of" down to and including "months)" in line 19 and insert: *22*

(347) Page 197, line 3, strike out [(e) (4)] and insert: *(e)(3)*

(348) Page 197, line 17, strike out [(g) (4)] and insert: *(g)(3)*

(349) Page 199, line 14, after "enacted," insert: *and*

(350) Page 199, strike out lines 15, 16, and 17.

(351) Page 199, line 18, strike out [(3)] and insert: *(2)*

(352) Page 205, lines 6 and 7, strike out [has not remarried] and insert: *is not married*

(353) Page 207, strike out lines 5 to 20, inclusive.

(354) Page 207, line 21, strike out [(4)] and insert: *(3)*

(355) Page 208, line 16, strike out [has not remarried,] and insert: *is not married,*

(356) Page 209, line 3, after "wife" insert: *who was not entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died*

(357) Page 210, strike out all after line 13 over to and including line 14 on page 211 and insert:

*(2) Paragraph (3) of section 202(e) of such Act is repealed.*

*(3) Section 202(e) of such Act is amended by redesignating paragraph (4) as paragraph (3) and such paragraph is further amended by striking out "widow" and inserting in lieu thereof "widow or surviving divorced wife" and by striking out "widow's" and inserting in lieu thereof "widow's or surviving divorced wife's".*

(358) Page 212, after line 22, insert:

*(3) Subparagraph (A) of section 202(g)(1) of such Act is amended by striking out "has not remarried" and inserting in lieu thereof "is not married".*

(359) Page 212, line 23, strike out [ (3) ] and insert: *(4)*

(360) Page 213, strike out all after line 20 over to and including line 14 on page 214.

(361) Page 215, after line 25, insert:

*(12) Paragraph (3) of section 202(g) of such Act is repealed.*

*(13) Section 202(g) of such Act is amended by redesignating paragraph (4) as paragraph (3).*

(362)Page 218, strike out lines 16 to 19, inclusive, and insert:

*SEC. 310. (a)(1) Paragraphs (1), (3), and (4)(B) of subsection (f) of section 203 of the Social Security Act are each amended by striking out "$100" wherever it appears therein and inserting in lieu thereof "$150".*

*(2) The first sentence of paragraph (3) of such subsection (f) is amended by striking out "$500" each place it appears therein and inserting in lieu thereof "$1,200".*

*(3) Paragraph (1)(A) of subsection (h) of section 203 of such Act is amended by striking out "$100" and inserting in lieu thereof "$150".*

(363)Page 221, line 8, after "ending" insert: *on or*

(364)Page 222, strike out all after line 2 over to and including line 22 on page 230 and insert:

*COVERAGE OF TIPS*

*SEC. 313. (a) Section 211(c) of the Social Security Act, as amended by section 311 of this Act, is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (2) shall not have the effect of excluding cash tips received by an employee in the course of*

*service which constitutes employment under this title, on his own behalf and not on behalf of another person, from 'net earnings from self-employment'; except that (i) this sentence shall not apply in the case of tips which constitute remuneration for employment under this title, and (ii) in applying subsection (a) with respect to tips to which this sentence is applicable, only the deductions attributable to such tips shall be taken into account."*

*(b) Section 1402(c) of the Internal Revenue Code of 1954 (relating to definition of trade or business), as amended by section 311 of this Act, is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (2) shall not have the effect of excluding cash tips received by an employee in the course of service which constitutes employment under chapter 21, on his own behalf and not on behalf of another person, from 'net earnings from self-employment'; except that (i) this sentence shall not apply in the case of tips which constitute remuneration for employment under chapter 21, and (ii) in applying subsection (a) with respect to tips to which this sentence is applicable, only the deductions attributable to such tips shall be taken into account."*

*(c) The amendments made by this section shall apply*

*only with respect to taxable years beginning after December 31, 1965.*

(365) Page 230, line 23, strike out [AND KENTUCKY]

(366) Page 230, strike out all after line 24 over to and including line 4 on page 231 and insert:

*SEC. 314. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting "Alaska," before "California".*

(367) Page 231, strike out all after line 24 over to and including line 12 on page 232 and insert:

*(b) Section 3121(k)(1) of such Code (relating to waiver of exemption by religious, charitable, and certain other organizations) is further amended by adding at the end thereof the following new subparagraph:*

> *"(H) An organization which files a certificate under subparagraph (A) before 1966 may amend such certificate during 1965 or 1966 to make the certificate effective with the first day of any calendar quarter preceding the quarter for which such certificate originally became effective, except that such date may not be earlier than the first day of the twentieth calendar quarter preceding the quarter in which such certificate is so amended. If an organi-*

*zation amends its certificate pursuant to the preceding sentence, such amendment shall be effective with respect to the service of individuals who concurred in the filing of such certificate (initially or through the filing of a supplemental list) and who concur in the filing of such amendment. An amendment to a certificate filed pursuant to this subparagraph shall be filed with such official and in such form and manner as may be prescribed by regulations made under this chapter. If an amendment is filed pursuant to this subparagraph—*

*"(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for any calendar quarter resulting from the filing of such an amendment shall be the last day of the calendar month following the calendar quarter in which the amendment is filed; and*

*"(ii) the statutory period for the assessment of such tax shall not expire before the expiration of three years from such due date."*

(368) Page 235, after line 7, insert:

*(d) If—*

*(1) an individual performed service with respect to which remuneration was paid before the date of enactment of this Act by an organization which, before such date, filed a waiver certificate pursuant to section 3121 (k)(1) of the Internal Revenue Code,*

*(2) such service is excluded from employment under title II of the Social Security Act but would not be excluded therefrom if the requirements of such section 3121(k)(1) had been met with respect to such service,*

*(3) such service was performed during the period such certificate was in effect, and*

*(4) such individual was listed pursuant to such section 3121(k)(1) at any time during such period and before the date of enactment of this Act as an employee who concurred in the filing of such certificate or such individual filed a request for coverage pursuant to section 105(b) of the Social Security Amendments of 1960, as in effect prior to the enactment of this Act (but such listing or request was not effective with respect to the service described above),*

*then, subject to the conditions stated in subparagraphs (B), (C), (D), and (E) of paragraph (1), and paragraph (4), of section 105(b) of the Social Security Amendments of 1960, as amended by this section, the remuneration of such*

*individual which was paid with respect to such excluded service shall be deemed to constitute remuneration for employment for purposes of such title II; except that, for purposes of this subsection, in applying subparagraph (C) of paragraph (1) of such section 105(b) the date of enactment of this Act shall be considered to be the date on which the organization filed its certificate under section 3121(k)(1) and any reference, in paragraph (4) of such section, to such paragraph (1) shall be considered a reference to the preceding provisions of this subsection.*

(369)Page 238, lines 11 and 12, strike out [effective with respect to remuneration paid before 1971,]

(370)Page 238, line 14, strike out all after "the" down to and including "the" in line 16.

(371)Page 238, line 17, strike out [such]

(372)Page 248, line 7, strike out [paragraphs] and insert: *paragraph*

(373)Page 248, line 10, strike out [$5,600] and insert: *$6,600*

(374)Page 248, lines 12 and 13, strike out [and prior to 1971]

(375)Page 248, line 14, strike out [year;] and insert: *year;*".

(376)Page 248, strike out lines 15 to 20, inclusive.

(377)Page 248, lines 25 and 26, strike out [subparagraphs] and insert: *subparagraph*

(378)Page 249, lines 1 and 2, strike out [and prior to 1971, (i) $5,600] and insert: *(i) $6,600*

(379)Page 249, line 4, strike out [and] and insert: *or*".

(380)Page 249, strike out lines 5, 6, and 7.

(381)Page 249, line 10, strike out [$5,600] and insert: *$6,600*

(382)Page 249, lines 11 and 12, strike out [and before 1971, or $6,600 in the case of a calendar year after 1970]

(383)Page 249, line 15, strike out [$5,600] and insert: *$6,600*

(384)Page 249, lines 16 and 17, strike out [and before 1971, or $6,600 in the case of a taxable year ending after 1970]

(385)Page 249, line 22, strike out [1966,] and insert: *1966 and*

(386) Page 249, line 22, strike out [$5,600] and insert: *$6,600*

(387) Page 249, lines 23, 24, and 25, strike out [and before 1971, and the excess over $6,600 in the case of any calendar year after 1970]

(388) Page 250, line 8, strike out [subparagraphs] and insert: *subparagraph*

(389) Page 250, lines 9 and 10, strike out [1965 and before 1971, (i) $5,600,] and insert: *1965, (i) $6,600,*

(390) Page 250, line 12, strike out [and] and insert: *or*".

(391) Page 250, strike out lines 13, 14, and 15.

(392) Page 250, line 16, strike out [(A)]

(393) Page 250, line 18, strike out ["$5,600"] and insert: *"$6,600"*

(394) Page 250, strike out lines 19 to 23, inclusive.

(395) Page 250, line 24, strike out [(A)]

(396) Page 250, line 26, strike out ["$5,600"] and insert: *"$6,600"*

(397) Page 251, strike out lines 1 to 4, inclusive.

(398) Page 251, line 5, strike out [ (A) ]

(399) Page 251, line 9, strike out ["$5,600"] and insert: *"$6,600"*

(400) Page 251, strike out lines 10 to 14, inclusive.

(401) Page 251, lines 21 and 22, strike out [and prior to the calendar year 1971]

(402) Page 251, strike out all after line 22 down to and including "year" in line 25.

(403) Page 252, line 3, strike out [$5,600] and insert: *$6,600*

(404) Page 252, line 4, strike out all after "1965" down to and including "1970" in line 7.

(405) Page 252, lines 13 and 14, strike out [or $5,600 for the calendar year 1966, 1967, 1968, 1969, or 1970,]

(406) Page 252, line 15, strike out [1970] and insert: *1965*

(407) Page 253, line 10, strike out [6.0] and insert: *5.8*

(408) Page 253, line 14, strike out [6.6] and insert: *6.8*

(409) Page 254, line 1, strike out [0.35] and insert: *0.325*

(410) Page 254, line 4, strike out [1973] and insert: *1971*

(411) Page 254, after line 6, insert:

*"(3) in the case of any taxable year beginning after December 31, 1970, and before January 1, 1973, the tax shall be equal to 0.55 percent of the amount of the self-employment income for such taxable year;*

(412) Page 254, line 7, strike out [(3)] and insert: *(4)*

(413) Page 254, line 9, strike out [0.55] and insert: *0.65*

(414) Page 254, line 11, strike out [(4)] and insert: *(5)*

(415) Page 254, line 13, strike out [0.60] and insert: *0.70*

(416) Page 254, line 15, strike out [(5)] and insert: *(6)*

(417) Page 254, line 17, strike out [0.70] and insert: *0.80*

(418) Page 254, line 19, strike out [(6)] and insert: *(7)*

(419) Page 254, line 20, strike out [0.80] and insert: *0.85*

(420) Page 255, line 13, strike out [4.0] and insert: *3.85*

(421) Page 255, line 16, strike out [4.4] and insert: *4.50*

(422) Page 255, line 18, strike out [4.8] and insert: *4.95*

(423) Page 256, line 2, strike out [0.35] and insert: *0.325*

(424) Page 256, line 4, after "1969," insert: *and*

(425) Page 256, lines 4 and 5, strike out [1971, and 1972,]

(426) Page 256, after line 5, insert:

*"(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 0.55 percent;*

(427) Page 256, line 6, strike out [ (3) ] and insert: *(4)*

(428) Page 256, line 8, strike out [0.55] and insert: *0.65*

(429) Page 256, line 9, strike out [ (4) ] and insert: *(5)*

(430) Page 256, line 11, strike out [0.60] and insert: *0.70*

(431) Page 256, line 12, strike out [ (5) ] and insert: *(6)*

(432) Page 256, line 14, strike out [0.70] and insert: *0.80*

(433) Page 256, line 15, strike out [ (6) ] and insert: *(7)*

(434) Page 256, line 16, strike out [0.80] and insert: *0.85*

(435) Page 257, line 4, strike out [4.0] and insert: *3.85*

(436) Page 257, line 8, strike out [4.4] and insert: *4.50*

(437) Page 257, line 10, strike out [4.8] and insert: *4.95*

(438) Page 257, line 20, strike out [0.35] and insert: *0.325*

(439) Page 257, line 22, after "1969," insert: *and*

(440) Page 257, line 22, strike out [1971, and 1972,]

(441) Page 257, after line 23, insert:

*"(3) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 0.55 percent;*

(442) Page 257, line 24, strike out [(3)] and insert: *(4)*

(443) Page 258, line 2, strike out [0.55] and insert: *0.65*

(444) Page 258, line 3, strike out [(4)] and insert: *(5)*

(445) Page 258, line 5, strike out [0.60] and insert: *0.70*

(446) Page 258, line 6, strike out [(5)] and insert: *(6)*

(447) Page 258, line 8, strike out [0.70] and insert: *0.80*

(448) Page 258, line 9, strike out [(6)] and insert: *(7)*

(449) Page 258, line 10, strike out [0.80] and insert: *0.85*

(450) Page 261, lines 7 and 8, strike out [clauses (i) and (iii) of paragraph (1) (C) shall not apply to a child of such individual] and insert: *a child of such individual adopted after such individual became entitled to such disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1)(C)*

(451) Page 261, line 21, after "adoption" insert: *(or, if such child was adopted by such individual after such individual attained age 65, the period of disability of such individual which existed in the month preceding the month in which he attained age 65)*

(452) Page 261, line 24, strike out [In the case of] and insert: *If*

(453) Page 262, strike out lines 1 and 2 and insert: *paragraph (9)) adopts a child after such individual becomes entitled to such benefits, such child shall be deemed not to meet the requirements of clause (i) of paragraph (1)(C) unless such*

(454) Page 266, line 10, strike out all after "1965" down to and including "1970" in line 12.

(455) Page 266, line 15, strike out [$5,600] and insert: *and $6,600*

(456) Page 266, lines 15 and 16, strike out [and before 1971, and $6,600 for years after 1970]

(457) Page 266, after line 22, insert:

*APPLICATIONS FOR BENEFITS*

*SEC. 328. (a) Section 202(j)(2) of the Social Security Act is amended to read as follows:*

*"(2) An application for any monthly benefits under this section filed before the first month in which the applicant satisfies the requirements for such benefits shall be deemed a valid application only if the applicant satisfies the requirements for such benefits before the Secretary makes a final decision on the application. If upon final decision by the Secretary or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed in such first month."*

*(b) Section 216(i)(2) of such Act (as amended by subsection (b)(1) of section 303) is amended by inserting after subparagraph (E) the following:*

*"(F) An application for a disability determination filed before the first day on which the applicant satisfies the requirements for a period of disability under this subsection shall be deemed a valid application only if the applicant satisfies the requirements for a period of disability before the Secretary makes a final decision on the application. If upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed on such first day."*

*(c) The first sentence of section 223(b) of such Act is amended to read as follows: "An application for disability insurance benefits filed before the first month in which the ap-*

*plicant satisfies the requirements for such benefits (as prescribed in subsection (a)(1)) shall be deemed a valid application only if the applicant satisfies the requirements for such benefits before the Secretary makes a final decision on the application. If, upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed in such first month."*

*(d) The amendments made by this section shall apply with respect to (1) applications filed on or after the date of enactment of this Act, (2) applications as to which the Secretary has not made a final decision before the date of enactment of this Act, and (3) if a civil action with respect to final decision by the Secretary has been commenced under section 205(g) of the Social Security Act before the date of enactment of this Act, applications as to which there has been no final judicial decision before the date of enactment of this Act.*

(458) Page 266, after line 22, insert:

*OVERPAYMENTS AND UNDERPAYMENTS*

*SEC. 329. (a) Section 204(a) of the Social Security Act is amended to read as follows:*

*"SEC. 204. (a) Whenever the Secretary finds that more or less than the correct amount of payment has been made to*

*any person under this title, proper adjustment or recovery shall be made, under regulations prescribed by the Secretary, as follows:*

*"(1) With respect to payment to a person of more than the correct amount, the Secretary shall decrease any payment under this title to which such overpaid person is entitled, or shall require such overpaid person or his estate to refund the amount in excess of the correct amount, or shall decrease any payment under this title payable to his estate or to any other person on the basis of the wages and self-employment income which were the basis of the payments to such overpaid person, or shall apply any combination of the foregoing.*

*"(2) With respect to payment to a person of less than the correct amount, the Secretary shall make payment of the balance of the amount due such underpaid person, or, if such person dies before payments are completed or before negotiating one or more checks representing correct payments, disposition of the amount due shall be made under regulations prescribed by the Secretary in such order of priority as he determines will best carry out the purposes of this title."*

*(b) Section 204(b) of such Act is amended to read as follows:*

*"(b) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience."*

(459) Page 266, after line 22, insert:

*PAYMENTS TO TWO OR MORE INDIVIDUALS OF THE SAME FAMILY*

*SEC. 330. Section 205(n) of the Social Security Act is amended to read as follows:*

*"(n) The Secretary may, in his discretion, certify to the Managing Trustee any two or more individuals of the same family for joint payment of the total benefits payable to such individuals for any month, and if one of such individuals dies before a check representing such joint payment is negotiated, payment of the amount of such unnegotiated check to the surviving individual or individuals may be authorized in accordance with regulations of the Secretary of the Treasury; except that appropriate adjustment or recovery shall be made under section 204(a) with respect to so much of the amount of such check as exceeds the amount to which such*

*surviving individual or individuals are entitled under this title for such month."*

(460) Page 266, after line 22, insert:

*VALIDATING CERTIFICATES FILED BY MINISTERS*

*SEC. 331. (a) Section 1402(e) of the Internal Revenue Code of 1954 (relating to certificates to waive tax on self-employment income in the case of ministers, members of religious orders, and Christian Science practitioners) is amended by striking out paragraphs (5) and (6) and inserting in lieu thereof the following:*

*"(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1967.—Notwithstanding any other provision of this section, in any case where an individual has derived earnings in any taxable year ending after 1954 from the performance of service described in subsection (c)(4), or in subsection (c)(5) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof)—*

*"(A) a certificate filed by such individual on or before April 15, 1966, which (but for this subpara-*

*graph) is ineffective for the first taxable year ending after 1954 for which such a return was filed shall be effective for such first taxable year and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205(c)(1)(C) of the Social Security Act) after the date of enactment of this paragraph and on or before April 15, 1967, and*

*"(B) a certificate filed after the date of enactment of this paragraph and on or before April 15, 1967, by a survivor (within the meaning of section 205(c)(1)(C) of the Social Security Act) of such an individual who died on or before April 15, 1966, may be effective, at the election of the person filing such a certificate, for the first taxable year ending after 1954 for which such a return was filed and for all succeeding years,*

*but only if—*

*"(i) the tax under section 1401 in respect to all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year described in sub-*

*paragraphs (A) and (B), is paid on or before April 15, 1967, and*

*"(ii) in any case where refund has been made of any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1967.*

*The provisions of section 6401 shall not apply to any payment or repayment described in this paragraph."*

*(b) In the case of a certificate or supplemental certificate filed pursuant to section 1402(e)(5) of the Internal Revenue Code—*

*(1) for purposes of computing interest, the due date for the payment of the tax under section 1401 of such Code which is due for any taxable year solely by reason of the filing of a certificate which is effective under such section 1402(e)(5) shall be April 15, 1967;*

*(2) for purposes of section 6501 of such Code, the statutory period for the assessment of any tax for any taxable year for which tax is due solely by reason of the filing of such certificate shall not expire before April 16, 1970; and*

*(3) for purposes of section 6651 of such Code (relating to addition to tax for failure to file tax return),*

*the amount of tax required to be shown on the return shall not include tax under section 1401 of such Code which is due for any taxable year solely by reason of the filing of a certificate which is effective under section 1402(e)(5).*

*(c) Notwithstanding any provision of section 205(c)(5)(F) of the Social Security Act, the Secretary of Health, Education, and Welfare may conform, before April 16, 1970, his records to tax returns or statements of earnings which constitute self-employment income solely by reason of the filing of a certificate which is effective under section 1402(e)(5) of such Code.*

*(d) The amendments made by this section shall be applicable (except as otherwise specifically provided therein) only to certificates with respect to which supplemental certificates are filed pursuant to section 1402(e)(5)(A) of such Code after the date of the enactment of this Act, and to certificates filed pursuant to section 1402(e)(5)(B) after such date; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments, and no lump-sum death payment under such title shall be payable or increased by reason of such amendments in the case of any individual who died prior to the date of the enactment of this Act. The provisions of sec-*

*tion 1402(e) (5) and (6) of the Internal Revenue Code of 1954 which were in effect before the date of enactment of this Act shall be applicable with respect to any certificate filed pursuant thereto before such date if a supplemental certificate is not filed with respect to such certificate as provided in this section.*

(461) Page 266, after line 22, insert:

*DETERMINATION OF ATTORNEYS' FEES IN COURT PROCEEDINGS UNDER TITLE II*

*SEC. 332. The heading of section 206 of the Social Security Act is amended to read "REPRESENTATION OF CLAIMANTS". Such section is further amended by inserting "(a)" after "SEC. 206." and by adding at the end of such section the following new subsection:*

*"(b)(1) Whenever a court renders a judgment favorable to a claimant who was represented before the court by an attorney, the court may determine and allow as part of its judgment a reasonable fee for such representation, not in excess of 25 percent of the total of the past due benefits to which the claimant is entitled by reason of such judgment, and the Secretary may, notwithstanding the provisions of section 205(i), certify the amount of such fee for payment to such attorney out of, and not in addition to, the amount of such past-due benefits. In case of any such judgment, no other fee*

*may be payable or certified for payment for such representation except as provided in this paragraph.*

*"(2) Any attorney who charges, demands, receives, or collects for services rendered in connection with proceedings before a court to which paragraph (1) is applicable any amount in excess of that allowed by the court thereunder shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500, or imprisonment for not more than one year, or both."*

(462) Page 266, after line 22, insert:

*CONTINUATION OF WIDOW'S AND WIDOWER'S INSURANCE BENEFITS AFTER REMARRIAGE*

*SEC. 333. (a)(1) Subsection (e) of section 202 of the Social Security Act, as amended by section 308 of this Act, is amended by adding at the end thereof the following new paragraph:*

*"(4) If a widow, after attaining the age of 60, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (3)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred; except that, notwithstanding the provisions of paragraph (2) and subsection (q), such widow's insurance benefit for the month in which such marriage occurs and each month thereafter prior to the month in*

*which the husband dies or such marriage is otherwise terminated, shall be equal to 50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based."*

*(2) Paragraph (2) of such subsection, as amended by section 307 of this Act, is further amended by inserting before the comma "and paragraph (4) of this subsection".*

*(b)(1) Subsection (f) of such section is amended by adding at the end thereof the following new paragraph:*

*"(5) If a widower, after attaining the age of 62, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (4)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred; except that, notwithstanding the provisions of paragraph (3), such widower's insurance benefit for the month in which such marriage occurs and each month thereafter prior to the month in which the wife dies or such marriage is otherwise terminated, shall be equal to 50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based."*

*(2) Paragraph (3) of such subsection is amended by striking out "Such" and inserting in lieu thereof "Except as provided in paragraph (5), such".*

*(c)(1) Paragraph (2)(B) of subsection (k) of such section 202 is amended by inserting "other than an individual to whom subsection (e)(4) or (f)(5) applies)" after "Any individual" and by adding at the end thereof the following new sentence: "Any individual who is entitled for any month to more than one widow's or widower's insurance benefit to which subsection (e)(4) or (f)(5) applies shall be entitled to only one such benefit for such month, such benefit to be the largest of such benefits.".*

*(2) Paragraph (3) of such subsection is amended by inserting "(A)" after "(3)" and by adding at the end thereof the following new subparagraph:*

*"(B) If an individual is entitled for any month to a widow's or widower's insurance benefit to which subsection (e)(4) or (f)(5) applies and to any other monthly insurance benefit under section 202 (other than an old-age insurance benefit), such other insurance benefit for such month, after any reduction under subparagraph (A), any reduction under subsection (q), and any reduction under section 203(a), shall be reduced, but not below zero, by an amount equal to such widow's or widower's insurance benefit after any reduction or reductions under such subparagraph (A) and such section 203(a)."*

*(d) The amendments made by this section shall apply*

*with respect to monthly insurance benefits under section 202 of the Social Security Act beginning with the second month following the month in which this Act is enacted; but, in the case of an individual who was not entitled to a monthly insurance benefit under section 202 (e) or (f) of such Act for the first month following the month in which this Act is enacted, only on the basis of an application filed in or after the month in which this Act is enacted.*

(463) Page 266, after line 22, insert:

*CHANGES IN DEFINITIONS OF WIFE, WIDOW, HUSBAND, AND WIDOWER*

*SEC. 334. (a) Section 216(b) of the Social Security Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (3)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) was entitled to, or upon application therefor and attainment of the required age (if any) would have been entitled to, a widow's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(b) Section 216(c) of such Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (6)(A), and by inserting immediately before the period*

*at the end thereof the following: ", or (C) she was entitled to, or upon application therefor and attainment of the required age (if any) would have been entitled to, a widow's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(c) Section 216(f) of such Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (3)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) he was entitled to, or upon application therefor and attainment of the required age (if any) he would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(d) Section 216(g) of such Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (6)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) he was entitled to, or on application therefor and attainment of the required age (if any) he would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(e) Section 202(c)(2) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after such subparagraph (B) the following new subparagraph:*

*"(C) in the month prior to the month of his marriage to such individual he was entitled to, or an application therefor and attainment of the required age (if any) would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended."*

*(f) Section 202(f)(2) of such Act is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after such subparagraph (B) the following new subparagraph:*

*"(C) in the month prior to the month of his marriage to such individual he was entitled to, or on application therefor and attainment of the required age (if any), would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended."*

*(g) The amendments made by this section shall be applicable only with respect to monthly insurance benefits under title II of the Social Security Act beginning with the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.*

(464) Page 266, after line 22, insert:

*REDUCTION OF BENEFITS ON RECEIPT OF WORKMEN'S COMPENSATION*

*SEC. 335. Effective with respect to benefits under title II of the Social Security Act for months after December 1965 which are based on applications filed after December 1965, section 224 of such Act is amended to read as follows:*

*"REDUCTION OF BENEFITS BASED ON DISABILITY ON ACCOUNT OF RECEIPT OF WORKMEN'S COMPENSATION*

*"SEC. 224. (a) If for any month prior to the month in which an individual attains the age of 62—*

*"(1) such individual is entitled to benefits under section 223, and*

*"(2) such individual is entitled for such month, under a workmen's compensation law or plan of the United States or a State, to periodic benefits for a total or partial disability (whether or not permanent), and*

*the Secretary has, in a prior month, received notice of such entitlement for such month,*

*the total of his benefits under section 223 for such month and of any benefits under section 202 for such month based on his wages and self-employment income shall be reduced (but not below zero) by the amount by which the sum of—*

*"(3) such total of benefits under sections 223 and 202 for such month and*

*"(4) such periodic benefits payable (and actually paid) for such month to such individual under the workmen's compensation law or plan,*

*exceeds the higher of—*

*"(5) 80 per centum of his 'average current earnings', or*

*"(6) the total of such individual's disability insurance benefits under section 223 for such month and of any monthly insurance benefits under section 202 for such month based on his wages and self-employment income, prior to reduction under this section.*

*In no case shall the reduction in the total of such benefits under sections 223 and 202 for a month reduce such total below the sum of—*

*"(7) the total of the benefits under sections 223 and 202, after reduction under this section, with respect to*

*all persons entitled to benefits on the basis of such individual's wages and self-employment income for such month which were determined for such individual and such persons for the first month for which reduction under this section was made (or which would have been so determined if all of them had been so entitled in such first month), and*

*"(8) any increase in such benefits with respect to such individual and such persons, before reduction under this section, which is made effective for months after the first month for which reduction under this section is made.*

*For purposes of clause (5), an individual's average current earnings means the larger of (A) the average monthly wage used for purposes of computing his benefits under section 223, or (B) one-sixtieth of the total of his wages and self-employment income for the five consecutive calendar years after 1950 for which such wages and self-employment income were highest.*

*"(b) If any periodic benefit under a workmen's compensation law or plan is payable on other than a monthly basis (excluding a benefit payable as a lump sum except to the extent that it is a commutation of, or a substitute for, periodic payments), the reduction under this section shall be made at such time or times and in such amounts as the Sec-*

*retary finds will approximate as nearly as practicable the reduction prescribed by subsection (a).*

*"(c) Reduction of benefits under this section shall be made after any reduction under subsection (a) of section 203, but before deductions under such section and under section 222(b).*

*"(d) The reduction of benefits required by this section shall not be made if the workmen's compensation law or plan under which a periodic benefit is payable provides for the reduction thereof when any one is entitled to benefits under this title on the basis of the ways and self-employment income of an individual entitled to benefits under section 223.*

*"(e) If it appears to the Secretary that an individual may be eligible for periodic benefits under a workmen's compensation law or plan which would give rise to reduction under this section, he may require, as a condition of certification for payment of any benefits under section 223 to any individual for any month and of any benefits under section 202 for such month based on such individual's wages and self-employment income, that such individual certify (i) whether he has filed or intends to file any claim for such periodic benefits, and (ii) if he has so filed, whether there has been a decision on such claim. The Secretary may, in the*

*absence of evidence to the contrary, rely upon such a certification by such individual that he has not filed and does not intend to file such a claim, or that he has so filed and no final decision thereon has been made, in certifying benefits for payment pursuant to section 205(i).*

*"(f)(1) In the second calendar year after the year in which reduction under this section in the total of an individual's benefits under section 223 and any benefits under section 202 based on his wages and self-employment income was first required (in a continuous period of months), and in each third year thereafter, the Secretary shall redetermine the amount of such benefits which are still subject to reduction under this section; but such redetermination shall not result in any decrease in the total amount of benefits payable under this title on the basis of such individual's wages and self-employment income. Such redetermined benefit shall be determined as of, and shall become effective with, the January following the year in which such redetermination was made.*

*"(2) In making the redetermination required by paragraph (1), the individual's average current earnings (as defined in subsection (a)) shall be deemed to be the product of his average current earnings as initially determined under subsection (a) and the ratio of (i) the average of the taxable*

*wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which such redetermination is made, to (ii) the average of the taxable wages of such persons reported to the Secretary for the first calendar quarter of the taxable year in which the reduction was first computed (but not counting any reduction made in benefits for a previous period of disability). Any amount determined under the preceding sentence which is not a multiple of $1 shall be reduced to the next lower multiple of $1.*

*"(g) Whenever a reduction in the total of benefits for any month based on an individual's wages and self-employment income is made under this section, each benefit, except the disability insurance benefit, shall first be proportionately decreased, and any excess of such reduction over the sum of all such benefits other than the disability insurance benefit shall then be applied to such disability insurance benefit."*

(465) Page 266, after line 22, insert:

*FACILITATING DISABILITY DETERMINATIONS*

*SEC. 336. (a) Subsection (b) of section 221 of the Social Security Act is amended by inserting before the period at the end thereof ", other than individuals referred to in subsection (g)(4)".*

*(b) Subsection (g) of such section 221 is amended to read as follows:*

*"(g) In the case of—*

*"(1) individuals in a State which has no agreement under subsection (b),*

*"(2) individuals outside the United States,*

*"(3) any class or classes of individuals not included in an agreement under subsection (b), and*

*"(4) any individual with respect to whom the Secretary, in accordance with regulations prescribed by him, finds that a determination of disability or of the day on which a disability ceased may be made (A) on the evidence furnished by or on behalf of such individual from sources of information as to examination and treatment which are designated by such individual, or (B) on the evidence of remunerative work activities performed by such individual,*

*the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him."*

*(c) The amendments made by subsections (a) and (b) shall take effect in any State which has an agreement with the Secretary under section 221 of such Act when the Secretary finds that the implementation of section 221(g)(4) of such Act can be effectuated with respect to individuals in*

*such State without impeding the efficient administration of the disability insurance program of such Act in such State.*

(466) Page 266, after line 22, insert:

*PAYMENT OF COSTS OF REHABILITATION SERVICES FROM THE TRUST FUNDS*

*SEC. 337. Section 222 of the Social Security Act is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:*

*"COSTS OF REHABILITATION SERVICES FROM TRUST FUNDS*

*"(b)(1) For the purpose of making vocational rehabilitation services more readily available to disabled individuals who are—*

*"(A) entitled to disability insurance benefits under section 223, or*

*"(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),*

*to the end that savings will result to the Trust Funds as a result of rehabilitating the maximum number of such individuals into productive activity, there are authorized to be transferred from the Trust Funds such sums as may be necessary to enable the Secretary to pay the costs of vocational rehabilitation services for such individuals (including (i)*

*services during their waiting periods, and (ii) so much of the expenditures for the administration of any State plan as is attributable to carrying out this subsection); except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the benefits under section 202(d) for children who have attained age 18 and are under a disability or under section 223, which were certified for payment in the preceding year. The selection of individuals (including the order in which they shall be selected) to receive such services shall be made in accordance with criteria formulated by the Secretary which are based upon the effect the provision of such services would have upon the Trust Funds.*

*"(2) In the case of each State which is willing to do so, such vocational rehabilitation services shall be furnished under a State plan for vocational rehabilitation services which—*

*"(A) has been approved under section 5 of the Vocational Rehabilitation Act,*

*"(B) provides that, to the extent funds provided under this subsection are adequate for the purpose, such services will be furnished, to any individual in the State who meets the criteria prescribed by the Secretary pursuant to paragraph (1), with reasonable promptness and*

*in accordance with the order of selection determined under such criteria, and*

*"(C) provides that such services will be furnished to any individual without regard to (i) his citizenship or place of residence, (ii) his need for financial assistance except as provided in regulations of the Secretary in the case of maintenance during rehabilitation, or (iii) any order of selection followed under the State plan pursuant to section 5(a)(4) of the Vocational Rehabilitation Act.*

*"(3) In the case of any State which does not have a plan which meets the requirements of paragraph (2), the Secretary may provide such services by agreement or contract with other public or private agencies, organizations, institutions, or individuals.*

*"(4) Payments under this subsection may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.*

*"(5) Money paid from the Trust Funds under this subsection to pay the costs of providing services to individuals who are entitled to benefits under section 223 (including services during their waiting periods), or who are entitled*

*to benefits under section 202(d) on the basis of the wages and self-employment income of such individuals shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid out from the Trust Funds under this subsection shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Secretary shall determine according to such methods and procedures as he may deem appropriate—*

*"(A) the total cost of the services provided under this subsection, and*

*"(B) subject to the provisions of the preceding sentence, the amount of such cost which should be charged to each of such Trust Funds.*

*"(6) For the purposes of this subsection the term 'vocational rehabilitation services' shall have the meaning assigned to it in the Vocational Rehabilitation Act, except that such services may be limited in type, scope, or amount in accordance with regulations of the Secretary designed to achieve the purposes of this subsection."*

(467) Page 266 after line 22, insert:

*TEACHERS IN THE STATE OF MAINE*

*SEC. 338. (a) Section 316 of the Social Security*

*Amendments of 1958 is amended by striking out "July 1, 1965" and inserting in lieu thereof "July 1, 1970".*

*(b) The amendment made by this section shall be effective as of July 1, 1965.*

(468) Page 266, after line 22, insert:

*MODIFICATION OF AGREEMENT WITH NORTH DAKOTA AND IOWA WITH RESPECT TO CERTAIN STUDENTS*

*SEC. 339. Notwithstanding any provision of section 218 of the Social Security Act, the agreements with the States of North Dakota and Iowa entered into pursuant to such section may, at the option of the State, be modified so as to exclude service performed in any calendar quarter in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university and if the remuneration for such service is less than $50. Any modification of either of such agreements pursuant to this Act shall be effective with respect to services performed after an effective date specified in such modification, except that such date shall not be earlier than the date of enactment of this Act.*

(469) Page 266, after line 22, insert:

*QUALIFICATION OF CHILDREN NOT QUALIFIED UNDER STATE LAW*

*SEC. 340. (a) Section 216(h) of the Social Security Act is amended by adding at the end thereof the following new paragraph:*

*"(3) An applicant who is the son or daughter of a fully or currently insured individual, but who is not (and is not deemed to be) the child of such insured individual under paragraph (2), shall nevertheless be deemed to be the child of such insured individual if:*

*"(A) in the case of an insured individual entitled to old-age insurance benefits (who was not, in the month preceding such entitlement, entitled to disability insurance benefits)—*

*"(i) such insured individual—*

*"(I) has acknowledged in writing that the applicant is his son or daughter,*

*"(II) has been decreed by a court to be the father of the applicant, or*

*"(III) has been ordered by a court to contribute to the support of the applicant because the applicant is his son or daughter,*

*and such acknowledgment, court decree, or court order was made not less than one year before such*

*insured individual became entitled to old-age insurance benefits or attained age 65, whichever is earlier; or*

*"(ii) such insured individual is shown by evidence satisfactory to the Secretary to be the father of the applicant and was living with or contributing to the support of the applicant at the time such insured individual became entitled to benefits or attained age 65, whichever first occurred;*

*"(B) in the case of an insured individual entitled to disability insurance benefits, or who was entitled to such benefits in the month preceding the first month for which he was entitled to old-age insurance benefits—*

*"(i) such insured individual—*

*"(I) has acknowledged in writing that the applicant is his son or daughter,*

*"(II) has been decreed by a court to be the father of the applicant, or*

*"(III) has been ordered by a court to contribute to the support of the applicant because the applicant is his son or daughter,*

*and such acknowledgment, court decree, or court order was made before such insured individual's most recent period of disability began; or*

*"(ii) such insured individual is shown by evi-*

*dence satisfactory to the Secretary to be the father of the applicant and was living with or contributing to the support of that applicant at the time such period of disability began;*

*"(C) in the case of a deceased individual—*

*"(i) such insured individual—*

*"(I) had acknowledged in writing that the applicant is his son or daughter,*

*"(II) had been decreed by a court to be the father of the applicant, or*

*"(III) had been ordered by a court to contribute to the support of the applicant because the applicant was his son or daughter,*

*and such acknowledgment, court decree, or court order was made before the death of such insured individual, or*

*"(ii) such insured individual is shown by evidence satisfactory to the Secretary to have been the father of the applicant, and such insured individual was living with or contributing to the support of the applicant at the time such insured individual died."*

*(b) Section 202(d) of such Act is amended by inserting after "216(h)(2)(B)" the following: "or section 216(h)(3)".*

*(c) The amendments made by subsections (a) and (b) shall be applicable with respect to monthly insurance benefits under title II of the Social Security Act beginning with the second month following the month in which this Act is enacted but only on the basis of an application filed in or after the month in which this Act is enacted.*

(470) Page 266, after line 22, insert:

*EMPLOYEES OF MEMBERS OF AFFILIATED GROUP OF CORPORATIONS*

*SEC. 341. (a) Paragraph (1) of section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "If during any calendar year an employer which is a member of an affiliated group (as defined in section 1504 (a), but determined without regard to sections 1504 (b) and (c)) employs an individual who during such calendar year, and prior to the employment of such individual by such member, was an employee of another member of such affiliated group, then, for the purpose of determining whether such member has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $6,600 to such individual during such calendar year, any remuneration (other than*

*remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such other member of such affiliated group during such calendar year, and prior to the employment of such individual by such member, shall be considered as having been paid by such member;".*

*(b) The amendment made by subsection (a) shall apply only with respect to remuneration paid after 1965.*

(471) Page 266, after line 22, insert:

*REDUCED OLD-AGE BENEFITS, WIFE'S BENEFITS, HUSBAND'S BENEFITS, WIDOWER'S BENEFITS, PARENT'S BENEFITS AT AGE 60*

*SEC. 342. (a)(1) Paragraph (1)(B) of section 202 (f) of the Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".*

*(2) Paragraph (3) of such section (as amended by section 333(b)(2) of this Act) is amended by inserting "and in subsection (q)" after "(5)".*

*(3) Paragraph (5) of such section (as amended by section 333(b)(1) of this Act) is amended by striking out "62" and inserting in lieu thereof "60".*

*(b)(1) Paragraph (1)(A) of section 202(h) of the*

*Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".*

*(2) Paragraph (2)(A) of such section is amended by inserting "and in subsection (q)" after "(C)".*

*(3) Paragraph (2)(B) of such section is amended by inserting "and in subsection (q)" after "(C)".*

*(c) The heading of section 202(q) of such Act (as amended by section 304(b) of this Act) is amended to read as follows: REDUCTION OF OLD-AGE, DISABILITY, WIFE'S, HUSBAND'S, WIDOW'S, WIDOWER'S, OR PARENT'S, INSURANCE BENEFIT AMOUNTS".*

*(d)(1) Paragraph (1) of section 202(q) of the Social Security Act (as amended by section 307(b)(1) of this Act) is amended by striking out "or widow's" each place it appears and inserting in lieu thereof ", widow's, widower's, or parent's".*

*(2)(A) Paragraph (3) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" each place it appears and inserting in lieu thereof ", widow's, widower's, or parent's".*

*(B) Such paragraph is further amended by striking out "a widow's" each place it appears and inserting in lieu thereof "a widow's, widower's, or parent's".*

*(C) Such paragraph is further amended by striking out "such widow's" each place it appears and inserting in lieu thereof "such widow's, widower's, or parent's".*

*(D) Such paragraph is further amended by striking out "she" each place it appears and inserting in lieu thereof "he".*

*(E) Such paragraph is further amended by striking out "the age of 62" in subparagraphs (F) and (G) and inserting in lieu thereof "the age of 60".*

*(3) Paragraph (6) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, widower's, or parent's".*

*(4)(A) Paragraph (7) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, widower's, or parent's".*

*(B) Clause (E) of such paragraph (7) is amended by striking out "widow's" and inserting in lieu thereof "widow's, widower's, or parent's"; by striking out "she" each place it appears and inserting in lieu thereof "he"; and by striking out "her" and inserting in lieu thereof "his".*

*(5) Paragraph (9) of such section (as amended by section 307(b)(8)) is amended by striking out "a widow's" and inserting in lieu thereof "a widow's, widower's, or parent's".*

*(e)(1) Clause (A) of the first sentence of section 215(b)(3) of the Social Security Act (as amended by section 302(a)(2) of this Act) is amended to read as follows:*

*"(A) in the case of a woman who has died, the year in which she died or, if it occurred earlier but after 1960, the year in which she attained age 62,".*

*(2) Such first sentence is further amended by redesignating clauses (B) and (C) as clauses (C) and (D), respectively, and by inserting after clause (A) the following new clause:*

*"(B) in the case of a woman who has not died, the year occurring after 1960 in which she attained (or would attain) age 62,".*

*(f) Paragraph (2) of section 202(a) of the Social Security Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(g) Subparagraphs (B), (H), and (J) of paragraph (1) of section 202(b) of such Act (as amended by section 308(a) of this Act) are each amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(h)(1) Paragraph (1)(B) of section 202(c) of the Social Security Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(2) Paragraph (2)(A) of such section is amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(i) Paragraph (3)(A) of section 202(q) of such Act (as amended by sections 304 and 307 of this Act) is amended by striking out "age 62 (in the case of a wife's or husband's insurance benefit) or age 60 (in the case of a widow's, widower's, or parent's benefit)" and inserting in lieu thereof "age 60".*

*(j)(1)(A) The heading of subsection (r) of section 202 of the Social Security Act is amended by striking out "or Husband's" and inserting in lieu thereof ", Husband's, Widow's, Widower's, or Parent's".*

*(B) Such subsection is amended by striking out "or husband's" each place it appears therein and inserting in lieu thereof ", husband's, widow's, widower's, or parent's".*

*(2) Paragraph (3) of section 202(q) of such Act (as amended by sections 304 and 307 of this Act) is further amended by striking out subparagraph (E) and redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.*

*(k) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act for and after the second month following the month in which this Act is enacted, but only on*

*the basis of applications filed in or after the month in which this Act is enacted.*

(472) Page 266, after line 22, insert:

*DISCLOSURE, UNDER CERTAIN CIRCUMSTANCES, TO COURTS AND INTERESTED WELFARE AGENCIES OF WHEREABOUTS OF INDIVIDUALS*

*SEC. 343. Section 1106 of the Social Security Act is amended by adding at the end thereof the following new subsection:*

*"(c) Upon the request of the welfare agency of a State or a political subdivision thereof, or of a court of competent jurisdiction, the Secretary of Health, Education, and Welfare shall disclose promptly the most recent address contained in the files of the Department of Health, Education, and Welfare for any individual who is certified by such agency or court as failing, without lawful excuse, to provide for the support and maintenance (1) of his wife in destitute or necessitous circumstances, or (2) of his or her minor child or children under the age of 16 in destitute or necessitous circumstances. Such disclosure shall be made only if the request is made by the agency or court on behalf of such wife or such child or children; and the address so obtained shall be used by the agency or court only on their behalf.*

*The provisions of subsection (a) with respect to penalties for unauthorized disclosure, and the provisions of subsection (b) with respect to payments for the cost of obtaining information, shall (under such regulations as the Secretary of Health, Education, and Welfare shall prescribe) apply to the disclosure of any address under this subsection."*

(473) Page 266, after line 22, insert:

*ADDITIONAL PERIOD FOR FILING MINISTERS CERTIFICATES*

*SEC. 344. (a) Clause (B) of section 1402(e)(2) of the Internal Revenue Code of 1954 (relating to time for filing waiver certificate by ministers, members of religious orders, and Christian Science practitioners) is amended by striking out "his second taxable year ending after 1962" and inserting in lieu thereof "his second taxable year ending after 1963".*

*(b) Section 1402(e)(3) of such Code (relating to effective date of certificate) is amended by adding at the end thereof the following new subparagraph:*

> *"(D) Notwithstanding the first sentence of subparagraph (A), if an individual files a certificate after the date of the enactment of this subparagraph and on or before the due date of the return (including any extension thereof) for his second taxable*

*year ending after 1963, such certificate shall be effective for his first taxable year ending after 1962 and all succeeding years."*

*(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to certificates filed pursuant to section 1402(e) of the Internal Revenue Code of 1954 after the date of the enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments.*

(474) Page 266, after line 22, insert:

*INTERRELATIONSHIP BETWEEN VETERANS' BENEFITS AND INCREASED SOCIAL SECURITY BENEFITS*

*SEC. 345. (a) Section 503 of title 38, United States Code, is amended by inserting "(a)" after "503", and by adding at the end thereof the following:*

*"(b) Notwithstanding the provisions of subsection (a), in the case of any individual—*

*"(1) who, for the first month after the month in which the Social Security Amendments of 1965 is enacted, is entitled to a monthly insurance benefit payable under section 202 or 223 of the Social Security Act,*

*"(2) who, for such month, is entitled to a monthly benefit payable under the provisions of this chapter, or under the first sentence of section 9(b) of the Veterans' Pension Act of 1959, and*

*"(3) whose insurance benefit referred to in clause (1) for any subsequent month is increased by reason of the enactment of the Social Security Amendments of 1965,*

*there shall not be counted, in determining the annual income of such individual, so much of the insurance benefit referred to in clause (1) for any subsequent month as is equal to the amount by which such insurance benefit is increased by reason of the enactment of the Social Security Amendments of 1965."*

(475) Page 266, after line 22, insert:

*RECTIFYING ERROR IN INTERPRETING LAW WITH RESPECT TO CERTAIN SCHOOL EMPLOYEES IN ALASKA*

*SEC. 346. For purposes of the agreement under section 218 of the Social Security Act entered into by the State of Alaska, or its predecessor the Territory of Alaska, where employees of an integral unit of a political subdivision of the State or Territory of Alaska have in good faith been included under the State or Territory's agreement as a coverage*

*group on the basis that such integral unit of a political subdivision was a political subdivision, then such unit of the political subdivision shall, for purposes of section 218(b)(2) of such Act, be deemed to be a political subdivision, and employees performing services within such unit shall be deemed to be a coverage group, effective with the effective date specified in such agreement or modification of such agreement with respect to such coverage group and ending with the last day of the year in which this Act is enacted.*

(476) Page 266, after line 22, insert:

*CONTINUATION OF CHILD'S INSURANCE BENEFITS AFTER ADOPTION BY BROTHER OR SISTER*

*SEC. 347. (a) Section 202(d)(1)(D) of the Social Security Act (as amended by section 306(b) of this Act) is further amended by striking out "or uncle" and inserting in lieu thereof "uncle, brother, or sister".*

*(b) The amendment made by subsection (a) shall apply only with respect to monthly insurance benefits under title II of the Social Security Act for months after the month in which this Act is enacted; except that, in the case of an individual who was not entitled to child's insurance benefits under section 202(d) of such Act for the month in which this Act was enacted, such amendment shall apply only on*

*the basis of an application filed in or after the month in which this Act is enacted.*

(477)Page 266, after line 22, insert:

*DISABILITY INSURANCE BENEFITS FOR THE BLIND; SPECIAL PROVISIONS*

*SEC. 348. (a)(1) section 223(a)(1)(B) of the Social Security Act is amended to read as follows:*

*"(B) in the case of any individual other than an individual whose disability is blindness (as defined in subsection (c)(2)), has not attained the age of 65,".*

*(2) That part of paragraph (2) of section 223(a) of such Act which precedes subparagraph (A) thereof is amended by inserting immediately after "(if a man)" the following: ", and, in the case of any individual whose disability is blindness (as defined in subsection (c)(2)), as though he were a fully insured individual,".*

*(b)(1) Paragraph (1) of subsection (c) of section 223 of such Act is amended—*

*(1) by inserting "(other than an individual whose disability is blindness, as defined in paragraph (2))" after "An individual"; and*

*(2) by adding at the end thereof (after and below subparagraph (B)) the following new sentence: "An individual whose disability is blindness (as defined in*

*paragraph (2)) shall be insured for disability insurance benefits in any month if he had not less than six quarters of coverage before the quarter in which such month occurs."*

*(2) Paragraph (2) of subsection (c) of section 223 of such Act (as amended by section 303(a)(2) of this Act) is further amended by striking out the first sentence and inserting in lieu thereof the following: "The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment or (B) blindness. The term 'blindness' means central visual acuity of 20/200 or less in the better eye with the use of correcting lenses, or visual acuity greater than 20/200 if accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than twenty degrees."*

*(c) Paragraph (1)(B) of subsection (d) of section 223 of such Act (added by section 303(c) of this Act) is amended by striking out "the month in which he attains age 65" and inserting in lieu thereof "in the case of any individual other than an individual whose disability is blindness (as defined in subsection (c)(2)), the month in which he attains age 65".*

*(d)(1) The first sentence of section 216(i)(1) of such Act (as amended by section 303(a)(1) of this Act) is further amended by striking out "(B)" and all that follows, and inserting in lieu thereof the following: "(B) blindness (as defined in section 223(c)(2))."*

*(2) The second sentence of such section 216(i)(1) is repealed.*

*(e) The first sentence of section 222(b)(1) of such Act is amended by inserting "(other than such an individual whose disability is blindness, as defined in section 223(c)(2))" after "an individual entitled to disability insurance benefits".*

*(f) The amendments made by this section shall apply only with respect to monthly benefits under title II of the Social Security Act for months after the second month following the month in which this Act is enacted, on the basis of applications for such benefits filed in or after such second month.*

(478) Page 270, line 26, strike out [December 31] and insert: *June 30*

(479) Page 274, after line 9, insert:

*(c) Section 1006 of the Social Security Act (as amended by section 221 of this Act) is amended by adding*

*at the end thereof the following new sentence: "Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1002 includes provision for—*

*"(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;*

*"(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the blind to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;*

*"(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;*

*"(4) periodic review by such State agency of the determination under paragraph (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and*

*"(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made."*

(480) Page 274, after line 9, insert:

*(d) Section 1405 of the Social Security Act (as amended by section 221 of this Act) is amended by adding at the end thereof the following new sentence: "Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the*

*Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1402 includes provision for—*

*"(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;*

*"(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the permanently and totally disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;*

*"(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;*

*"(4) periodic review by such State agency of the determination under paragraph (1) to ascertain whether*

*conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and*

*"(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made."*

(481) Page 274, line 10, strike out [ (c) ] and insert: *(e)*

(482) Page 274, line 12, after "title I" insert: , *X, XIV,*

(483) Page 274, line 15, after "AGED" insert: , *BLIND, AND DISABLED*

(484) Page 274, line 16, strike out [January 1, 1966] and insert: *October 1, 1965*

(485) Page 274, lines 23 and 24, strike out [of the first $80 per month of earned income] and insert: *(i) the State agency may disregard not more than $7 per month of any income and (ii) of the first $80 per month of additional income which is earned*

(486) Page 274, after line 25, insert:

*(b) Effective October 1, 1965, section 402(a)(7) of the Social Security Act (as amended by section 411 of this Act) is further amended by inserting before the semicolon at the end thereof the following: ", and (C) the State agency may, before disregarding the amounts referred to in clauses (A) and (B), disregard not more than $7 of any income".*

*(c) Effective October 1, 1965, section 1002(a)(8) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: ", and (C) may, before disregarding the amounts referred to in clauses (A) and (B), disregard not more than $7 of any income".*

(487) Page 274, strike out all after line 25 over to and including line 7 on page 275, and insert:

*(d) Effective October 1, 1965, section 1402(a)(8) of such Act is amended by inserting after the semicolon at the end thereof the following: "except that, in making such determination, (A) the State agency may disregard not more than $7 of any income, (B) of the first $80 per month of additional income which is earned the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and (C) the State agency may, for a period not in excess of 36 months, disregard such additional amounts of*

*other income and resources, in the case of an individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan, but only with respect to the part or parts of such period during substantially all of which he is actually undergoing vocational rehabilitation;".*

(488) Page 275, after line 7, insert:

*(e) Effective October 1, 1965, section 1602(a)(14) of such Act is amended to read as follows:*

*"(14) provide that the State agency shall, in determining need for aid to the aged, blind, or disabled, take into consideration any other income and resources of an individual claiming such aid, as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—*

*"(A) if such individual is blind, the State agency (i) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (ii) shall, for a period not in excess of 12 months, and may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for*

*achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan,*

*"(B) if such individual is not blind but is permanently and totally disabled, (i) of the first $80 per month of earned income, the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and (ii) the State agency may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan, but only with respect to the part or parts of such period during substantially all of which he is actually undergoing vocational rehabilitation,*

*"(C) if such individual has attained age 65 and is neither blind nor permanently and totally disabled, of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and*

*"(D) the State agency may, before disregarding the amounts referred to above in this paragraph*

*(14), disregard not more than $7 of any income; and".*

(489)Page 276, line 2, strike out [Upon] and insert: *Within 30 days after*

(490)Page 276, line 15, strike out [notice] and insert: *it has been notified*

(491)Page 276, lines 24 and 25, strike out [unless substantially contrary to the weight of the evidence] and insert: *if supported by substantial evidence*

(492)Page 277, lines 6 and 7, strike out [unless substantially contrary to the weight of the evidence] and insert: *if supported by substantial evidence*

(493)Page 277, line 19, strike out [or (b)]

(494)Page 281, line 8, after "2(a)(10)" insert: *and (11)(D)*

(495)Page 281, line 9, after "1602(a)" insert: *(13) and*

(496)Page 281, strike out lines 12, 13, and 14, and insert: *Act, any amount paid to any individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of section 326(a) of this Act), for any one or more months which occur after December 1964 and before the third*

*month following the month in which this Act is enacted, to the extent that such payment is*

(497) Page 282, strike out all after line 14 over to and including line 25 on page 294.

(498) Page 294, after line 25, insert:

*TECHNICAL AMENDMENTS RELATING TO PUBLIC ASSISTANCE PROGRAMS*

(499) Page 294, line 26, strike out [ (i) (1) ] and insert: *SEC. 408. (a)*

(500) Page 295, strike out lines 1, 2, and 3.

(501) Page 295, line 4, strike out [ (B) ] and insert: *(1)*

(502) Page 295, line 8, strike out [ (C) ] and insert: *(2)*

(503) Page 295, line 12, strike out [ (D) ] and insert: *(3)*

(504) Page 295, line 16, strike out [ (2) ] and insert: *(b)*

(505) Page 295, lines 16 and 17, strike out [paragraphs (1) (B), (1) (C), and (1) (D) ] and insert: *subsection (a)*

(506) Page 295, lines 20 and 21, strike out [approved, or beginning on or after July 1, 1967, whichever is earlier] and insert: *approved*

(507) Page 295, strike out lines 22 and 23.

(508) Page 295, line 24, strike out [ (k) (1) ] and insert: *(c)(1)*

(509) Page 296, strike out lines 3 to 6, inclusive.

(510) Page 296, after line 6, insert:

*OPTOMETRISTS' SERVICES*

*SEC. 409. Notwithstanding any other provisions of the Social Security Act, whenever payment is authorized for services which an optometrist is licensed to perform, the beneficiary shall have the freedom to obtain the services of either a physician skilled in diseases of the eye or an optometrist, whichever he may select.*

(511) Page 296, after line 6, insert:

*ELIGIBILITY OF CHILDREN OVER AGE 18 ATTENDING SCHOOL*

*SEC. 410. Clause (2)(B) of section 406(a) of the Social Security Act is amended by striking out "attending a high school in pursuance of a course of study leading to a high school diploma or its equivalent," and inserting in lieu thereof "attending a school, college, or university,".*

(512) Page 296, after line 6, insert:

*DISREGARDING CERTAIN EARNINGS IN DETERMINING NEED OF CERTAIN DEPENDENT CHILDREN*

*SEC. 411. Effective July 1, 1965, so much of clause (7) of section 402(a) of the Social Security Act as follows the first semicolon is amended by inserting after "except that, in making such determination," the following: "(A) the State agency may disregard not more than $50 per month of earned income of each dependent child under the age of 18 but not in excess of three in the same home, and (B)".*

(513) Page 296, after line 6, insert:

*FEDERAL SHARE OF PUBLIC ASSISTANCE EXPENDITURES*

*SEC. 412. Title XI of the Social Security Act is amended by adding at the end thereof (after section 1117, added by section 405 of this Act), the following new section:*

*"ALTERNATIVE FEDERAL PAYMENT WITH RESPECT TO PUBLIC ASSISTANCE EXPENDITURES*

*"SEC. 1118. (a) In the case of any State which has in effect a plan approved under title XIX for any calendar quarter, the total of the payments to which such State is entitled for such quarter, and for each succeeding quarter in*

*the same fiscal year (which for purposes of this section means the 4 calendar quarters ending with June 30), under paragraphs (1) and (2) of sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a) shall, at the option of the State, be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under each such section, to the expenditures under its State plans approved under titles I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, but without regard to any maximum on the dollar amounts per recipient which may be counted under such sections.*

*"(b) If the Secretary, upon application by any State, finds, with respect to the quarter beginning January 1 or the quarter beginning April 1, 1966, that the medical assistance for the aged and the assistance or aid provided in the form of medical or any other type of remedial care under the plans of such State approved under titles I, IV, X, XIV, and XVI, taken together, substantially meet the objectives and requirements of title XIX, then, with respect to expenditures under such plans during such quarter—*

*"(1) the total of the payments to which such State is entitled under sections 3(a) and 1603(a) (other*

*than paragraphs (4) and (5) thereof) and sections 403(a), 1003(a), and 1403(a) (other than paragraphs (3) and (4) thereof), or*

*"(2) the payments to which it is entitled under such sections (other than such paragraphs) with respect to expenditures as medical assistance for the aged or as aid or assistance in the form of medical or any other type of remedial care,*

*whichever the State may elect for such quarter and (if it is the quarter beginning January 1) the succeeding quarter, shall be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under each such section, to—*

*"(3) the expenditures under its State plans approved under titles I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, if the State has elected payment under clause (1), or*

*"(4) the expenditures under such plans, as medical assistance for the aged or as aid or assistance in the form of medical or any other type of remedial care, which would be included in determining the amounts of*

*such payments if the State has elected payment under clause (2);*

*and such determination shall be made without regard to any maximum on the dollar amounts per recipient which may be counted under any of such sections."*

Amend the title so as to read: "An Act to provide a hospital insurance program for the aged under the Social Security Act with a supplementary medical benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes."

Attest:

*Secretary.*

89TH CONGRESS
1ST SESSION

# H. R. 6675

## AMENDMENTS

89TH CONGRESS
1ST SESSION

# H. R. 6675

IN THE SENATE OF THE UNITED STATES

JULY 9 (legislative day, JULY 8), 1965
Ordered to be printed with the amendments of the Senate numbered

# AN ACT

To provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1965".

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# TITLE I—HEALTH INSURANCE FOR THE AGED AND MEDICAL ASSISTANCE

## SHORT TITLE

SEC. 100. This title may be cited as the "Health Insurance for the Aged Act".

## PART 1—HEALTH INSURANCE BENEFITS FOR THE AGED

### ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS

SEC. 101. Title II of the Social Security Act is amended by adding at the end thereof the following new section:

"ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS

"SEC. 226. (a) Every individual who—

"(1) has attained the age of 65, and

"(2) is entitled to monthly insurance benefits under section 202 or is a qualified railroad retirement beneficiary,

shall be entitled to hospital insurance benefits under part A of title XVIII for each month for which he meets the condition specified in paragraph (2), beginning with the first month after June 1966 for which he meets the conditions specified in paragraphs (1) and (2).

"(b) For purposes of subsection (a)—

"(1) entitlement of an individual to hospital insurance benefits for a month shall consist of entitlement to have payment made under, and subject to the limitations in, part A of title XVIII on his behalf for inpatient hospital services, post-hospital extended care services, (2) ~~post-hospital home health services,~~ *home health services,* and outpatient hospital diagnostic services (as such terms are definied in part C of title XVIII) furnished him in the United States (3) *(or outside the United States in the case of inpatient hospital services furnished under the conditions described in section 1814 (f))* during such month; except that (A) no such payment may be made for post-hospital extended care services furnished before January 1967, and (B) no such payment may be made for post-hospital extended care services (4) ~~or post-hospital home health services~~ unless the discharge from the hospital required to qualify such services for payment under part A of title XVIII occurred after June 30, 1966, or on or after the first day of the month in which he attains age 65, whichever is later; and

"(2) an individual shall be deemed entitled to

monthly insurance benefits under section 202, or to be a qualified railroad retirement beneficiary, for the month in which he died if he would have been entitled to such benefits, or would have been a qualified railroad retirement beneficiary, for such month had he died in the next month.

"(c) For purposes of this section, the term 'qualified railroad retirement beneficiary' means an individual whose name has been certified to the Secretary by the Railroad Retirement Board under section 21 of the Railroad Retirement Act of 1937. An individual shall cease to be a qualified railroad retirement beneficiary at the close of the month preceding the month which is certified by the Railroad Retirement Board as the month in which he ceased to meet the requirements of section 21 of the Railroad Retirement Act of 1937.

"(d) For entitlement to hospital insurance benefits in the case of certain uninsured individuals, see section 103 of the Social Security Amendments of 1965."

HOSPITAL INSURANCE BENEFITS AND SUPPLEMENTARY (5)~~HEALTH~~ *MEDICAL* INSURANCE BENEFITS

SEC. 102. (a) The Social Security Act is amended by adding after title XVII the following new title:

## "TITLE XVIII—HEALTH INSURANCE FOR THE AGED

### "PROHIBITION AGAINST ANY FEDERAL INTERFERENCE

"SEC. 1801. Nothing in this title shall be construed to authorize any Federal officer or employee to exercise any supervision or control over the practice of medicine or the manner in which medical services are provided, or over the selection, tenure, or compensation of any officer or employee of any institution, agency, or person providing health services; or to exercise any supervision or control over the administration or operation of any such institution, agency, or person.

### "FREE CHOICE BY PATIENT GUARANTEED

"SEC. 1802. Any individual entitled to insurance benefits under this title may obtain health services from any institution, agency, or person qualified to participate under this title if such institution, agency, or person undertakes to provide him such services.

### "OPTION TO INDIVIDUALS TO OBTAIN OTHER HEALTH INSURANCE PROTECTION

"SEC. 1803. Nothing contained in this title shall be construed to preclude any State from providing, or any individual from purchasing or otherwise securing, protection against the cost of any health services.

"PART A—HOSPITAL INSURANCE BENEFITS FOR THE AGED

"DESCRIPTION OF PROGRAM

"SEC. 1811. The insurance program for which entitlement is established by section 226 provides basic protection against the costs of (6)~~hospital and related post-hospital services~~ *hospital, related post-hospital, and home health services* in accordance with this part for individuals who are age 65 or over and are entitled to retirement benefits under title II of this Act or under the railroad retirement system.

"SCOPE OF BENEFITS

"SEC. 1812. (a) The benefits provided to an individual by the insurance program under this part shall consist of entitlement to have payment made on his behalf (subject to the provisions of this part) for—

"(1) inpatient hospital services (7)~~for up to 60 days during any spell of illness~~;

"(2) post-hospital extended care services for up to (8)~~20 days (or up to 100 days in certain circumstances)~~ *100 days* during any spell of illness;

(9)~~"(3) post-hospital home health services for up to 100 visits (during the one-year period described in~~

~~section 8161 (n)) after the beginning of one spell of illness and before the beginning of the next; and~~

*"(3) home health services for up to 175 visits during any calendar year; and*

"(4) outpatient hospital diagnostic services.

"(b) Payment under this part for services furnished an individual during a spell of illness may not (10)~~(subject to subsections (c) and (d))~~ be made for—

(11)~~"(1) inpatient hospital services furnished to him during such spell after such services have been furnished to him for 60 days during such spell; or~~

"(12)~~(2)~~ *(1)* post-hospital extended care services furnished to him during such spell after such services have been furnished to him for (13)~~20~~ *100* days during such (14)~~spell.~~ *spell;*

(15)*"(2) inpatient psychiatric hospital services furnished to him after such services have been furnished to him for a total of 210 days during his lifetime; or*

(16)*"(3) post-hospital extended care services which are furnished to him during any spell of illness for the care and treatment of any mental disease after such services have been furnished to him for such care and treatment for a total of 210 days during his lifetime.*

*Solely for the purposes of paragraph (2), a day counted (in*

*determining the 210-day limit) under paragraph (3) with respect to any individual shall be deemed to constitute a day in which inpatient psychiatric hospital services are furnished to such individual; and, solely for purposes of paragraph (3), a day counted (in determining the 210-day limit) under paragraph (2) with respect to any individual shall be deemed to constitute a day in which post-hospital extended care services are furnished to him for the care and treatment of a mental disease.*

(17)~~" (c) The 20 days provided by subsection (b) (2) shall be increased (but by not more than 80 days) by twice the number by which the days for which the individual has already been furnished inpatient hospital services in the spell of illness are less than 60. The individual may terminate the application of this subsection with respect to any day (and the remaining days in the spell of illness) by an election made at such time and in such manner as may be prescribed by regulations. If the number of days of post-hospital extended care services in the spell of illness has been increased pursuant to this subsection, a corresponding reduction (on the basis of one day of inpatient hospital services for each two days of post-hospital extended care services in excess of 20 plus, where the number of such days of post-hospital~~

~~extended care services is an odd number, one day of inpatient hospital services) shall be made in the number of days allowable under subsection (b)(1) for the same spell of illness.~~

~~"(d) If an individual is an inpatient of a tuberculosis hospital on the first day of the first month for which he is entitled to benefits under this part, the days on which he was an inpatient of such a hospital in the 60-day period immediately before such first day shall be included in determining the 60-day limit under subsection (b)(1).~~

~~"(18)(e)~~ *(c)* ~~(19)Payment under this part may be made for post-hospital home health services furnished an individual only during the one-year period described in section 1861(n) following his most recent hospital discharge which meets the requirements of such section, and only for the first 100 visits in such period.~~ *Payment under this part may be made for home health services furnished an individual only for the first 175 visits during any calendar year.* The number of visits to be charged for purposes of the limitation in the preceding sentence, in connection with items or services described in section 1861 (m) shall be determined in accordance with regulations.

"~~(20)(f)~~ *(d)* For purposes of ~~(21)subsections (b), (c), (d), and (e), inpatient~~ *subsection (b), inpatient psychiatric* hospital services, post-hospital extended care services, and ~~(22)post-hospital~~ home health services shall be taken into

account only if payment is or would be, except for this section or the failure to comply with the request and certification requirements of or under section 1814 (a), made with respect to such services under this part.

"~~(23)~~ ~~(g)~~ *(e)* For definition of 'spell of illness', and for definitions of other terms used in this part, see section 1861.

"DEDUCTIBLES

"SEC. 1813. (a) (1) ~~(24) Payment~~ *The amount payable* for inpatient hospital services furnished an individual during any spell of illness shall be reduced by a deduction equal to the inpatient hospital ~~(25) deductible; except that such deductible shall itself be reduced by any deduction imposed under paragraph (2) with respect to a diagnostic study by the same hospital which began before but did not end more than 20 days before the first day of such spell of illness or, if less, the charges imposed with respect to the individual for the outpatient hospital diagnostic services provided during such study~~ *deductible or, if less, the charges imposed with respect to such individual for such services, except that, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed. Such amount shall be further reduced by a deduction equal to one-fourth of the inpatient hospital deductible for each day on which such individual is furnished such services during such spell of illness after*

*such services have been furnished to him for 60 days during such spell.*

"(2) (26)~~payment~~ *The amount payable* for outpatient hospital diagnostic services furnished an individual during a diagnostic study shall be reduced by a deduction equal to (27)*the sum of (A)* one-half of the inpatient hospital deductible which is applicable to spells of illness beginning in the same calendar year as such diagnostic study (28)*and (B) 20 per centum of the remainder of such amount.* For purposes of the preceding sentence (29)~~and paragraph (1)~~, a diagnostic study for any individual consists of the outpatient hospital diagnostic services provided by (or under arrangements made by) the same hospital during the 20-day period beginning on the first day (not included in a previous diagnostic study) on which he is entitled to hospital insurance benefits under section 226 and on which outpatient diagnostic services are furnished him.

"(3) (30)~~Payment~~ *The amount payable* to any provider of services under this part for services furnished an individual during any spell of illness shall be further reduced by an amount equal to the cost of the first three pints of whole blood furnished to him as part of such services during such spell of illness.

(31)*"(4) The amount payable for post-hospital extended care services furnished an individual during any spell of ill-*

*ness shall be reduced by a deduction equal to one-eighth of the inpatient hospital deductible for each day (before the 101st day) on which he is furnished such services after such services have been furnished to him for 20 days during such spell.*

"(b) (1) The inpatient hospital deductible which shall be applicable for the purposes of subsection (a) shall be $40 in the case of any spell of illness or diagnostic study beginning before 1969.

"(2) The Secretary shall, between July 1 and October 1 of 1968, and of each year thereafter, determine and promulgate the inpatient hospital deductible which shall be applicable for the purposes of subsection (a) in the case of any spell of illness or diagnostic study beginning during the succeeding calendar year. Such inpatient hospital deductible shall be equal to $40 multiplied by the ratio of (A) the current average per diem rate for inpatient hospital services for the calendar year preceding the promulgation, to (B) the current average per diem rate for such services for 1966. Any amount determined under the preceding sentence which is not a multiple of (32)~~$5~~ *$4* shall be rounded to the nearest multiple of (33)~~$5~~ *$4* (or, if it is midway between two multiples of (34)~~$5~~ *$4*, to the next higher multiple of (35)~~$5~~ *$4*). The current average per diem rate for any year shall be determined by the Secretary on the basis of the best information available to him (at the time the deter-

mination is made) as to the amounts paid under this part on account of inpatient hospital services furnished during such year, by hospitals which have agreements in effect under section 1866, to individuals who are entitled to hospital insurance benefits under section 226, plus the amount which would have been so paid but for subsection (a) (1) of this section.

"CONDITIONS OF AND LIMITATIONS ON PAYMENT FOR SERVICES

"Requirement of Requests and Certifications

"SEC. 1814. (a) Except as provided in subsection (d), payment for services furnished an individual may be made only to providers of services which are eligible therefor under section 1866 and only if—

"(1) written request, signed by such individual except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner, within such time, and by such person or persons as the Secretary may by regulation prescribe;

"(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases, with such frequency, and accompanied by such supporting material, appropriate to the case involved, as may be provided by regulations, except that the first

of such recertifications shall be required in each case of inpatient hospital services not later than the 20th day of such period) that—

"(A) in the case of inpatient hospital services (other than (36)*inpatient psychiatric hospital services and* inpatient tuberculosis hospital services), such services are or were required to be given on an inpatient basis for such individual's medical treatment, or that inpatient diagnostic study is or was medically required and such services are or were necessary for such purpose;

(37)"*(B) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or (ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;*

"(38)~~(B)~~*(C)* in the case of inpatient tuberculosis hospital services, such services are or were required to be given on an inpatient basis, by or under the

supervision of a physician, for the treatment of an individual for tuberculosis; and such treatment can or could reasonably be expected to (i) improve the condition for which such treatment is or was necessary or (ii) render the condition noncommunicable;

"(39) ~~(C)~~ *(D)* in the case of post-hospital extended care services, such services are or were required to be given on an inpatient basis because the individual needs or needed skilled nursing care on a continuing basis for any of the conditions with respect to which he was receiving inpatient hospital services (or services which could constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (8) of section 1861 (e)) prior to transfer to the extended care facility or for a condition requiring such extended care services which arose after such transfer and while he was still in the facility for treatment of the condition or conditions for which he was receiving such inpatient hospital services;

"(40) ~~(D)~~ *(E)* in the case of (41) ~~post-hospital~~ home health services, such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861 (m) (7)) and needed

skilled nursing care on an intermittent basis, or physical or speech (42)~~therapy, for any of the conditions with respect to which he was receiving inpatient hospital services (or services which would constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (8) of section 1861(e)) or post-hospital extended care services;~~ *therapy:* a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician; and such services are or were furnished while the individual was under the care of a physician; or

"(43)~~(E)~~ *(F)* in the case of outpatient hospital diagnostic services, such services are or were required for diagnostic study;

(44)"*(3) in the case of inpatient psychiatric hospital services, the services are those which the records of the hospital indicate were furnished to the individual during periods when he was receiving (A) intensive treatment services, (B) admission and related services necessary for a diagnostic study, or (C) equivalent services:*

"(45)~~(3)~~ *(4)* in the case of inpatient tuberculosis hospital services, the services are those which the records of the hospital indicate were furnished to the individual

during periods when he was receiving treatment which could reasonably be expected to (A) improve his condition or (B) render it noncommunicable;

"~~(46)~~ ~~(4)~~ *(5)* with respect to inpatient hospital services furnished such individual after the 20th day of a continuous period of such services and with respect to post-hospital extended care services furnished after such day of a continuous period of such services as may be prescribed in or pursuant to regulations, there was not in effect, at the time of admission of such individual to the hospital or extended care facility, as the case may be, a decision under section 1866 (d) (based on a finding that utilization review of long-stay cases is not being made in such hospital or facility) ; and

"~~(47)~~ ~~(5)~~ *(6)* with respect to inpatient hospital services or post-hospital extended care services furnished such individual during a cotinuous period, a finding has not been made (by the physician members of the committee or group, as described in section 1861 (k) (4) ) pursuant to the system of utilization review that further inpatient hospital services or further post-hospital extended care services, as the case may be, are not medically necessary; except that, if such a finding has been made, payment may be made for such services furnished before the 4th day after the day on which the hospital or

extended care facility, as the case may be, received notice of such finding.

To the extent provided by regulations, the certification and recertification requirements of paragraph (2) shall be deemed satisfied where, at a later date, a physician makes certification of the kind provided in subparagraph (A), (B), (C), (D), (48) ~~or (E)~~ *(E), or (F)* of paragraph (2) (whichever would have applied), but only where such certification is accompanied by such medical and other evidence as may be required by such regulations.

"Reasonable Cost of Services

"(b) The amount paid to any provider of services with respect to services for which payment may be made under this part (49) ~~shall~~ *shall, subject to the provisions of section 1813,* be the reasonable cost of such services, as determined under section 1861 (49a) ~~(v)~~ *(u)*.

"No Payments to Federal Providers of Services

"(c) No payment may be made under this part (except under subsection (d)) to any Federal provider of services, except a provider of services which the Secretary determines is providing services to the public generally as a community institution or agency; and no such payment may be made to any provider of services for any item or service which such provider is obligated by a law of, or a contract with, the United States to render at public expense.

"Payments for Emergency Hospital Services

"(d) Payments shall also be made to any hospital for inpatient hospital services or outpatient hospital diagnostic services furnished, by the hospital or under arrangements (as defined in section 1861 ~~(49b)~~ ~~(w)~~ *(v)*) with it, to an individual entitled to hospital insurance benefits under section 226 even though such hospital does not have an agreement in effect under this title if (A) such services were emergency services and (B) the Secretary would be required to make such payment if the hospital had such an agreement in effect and otherwise met the conditions of payment hereunder. Such payments shall be made only in the amounts provided under subsection (b) and then only if such hospital agrees to comply, with respect to the emergency services provided, with the provisions of section 1866(a).

"Payment for Inpatient Hospital Services Prior to Notification of Noneligibility

"(e) Notwithstanding that an individual is not entitled to have payment made under this part for inpatient hospital services furnished by any hospital, payment shall be made to such hospital (unless it elects not to receive such payment or, if payment has already been made by or on behalf of such individual, fails to refund such payment within the time specified by the Secretary) for such services which are furnished to the individual prior to notifi-

cation to such hospital from the Secretary of his lack of entitlement, if such payments are precluded only by reason of section 1812 and if such hospital complies with the requirements of and regulations under this title with respect to such payments, has acted in good faith and without knowledge of such lack of entitlement, and has acted reasonably in assuming entitlement existed. Payment under the preceding sentence may not be made for services furnished an individual pursuant to any admission after the 6th elapsed day (not including as an elapsed day Saturday, Sunday, or a legal holiday) after the day on which such admission occurred.

(50) *"Payment for Certain Emergency Hospital Services Furnished Outside the United States*

*"(f) The authority contained in subsection (d) shall be applicable to emergency inpatient hospital services furnished an individual by a hospital located outside the United States if—*

*"(1) such individual was physically present in a place within the United States at the time the emergency which necessitated such inpatient hospital services occurred; and*

*"(2) such hospital was closer to, or substantially more accessible from, such place than the nearest hospital within the United States which was adequately equipped*

*to deal with, and was available for the treatment of, such individual's illness or injury.*

"PAYMENT TO PROVIDERS OF SERVICES

"SEC. 1815. The Secretary shall periodically determine the amount which should be paid under this part to each provider of services with respect to the services furnished by it, and the provider of services shall be paid, at such time or times as the Secretary believes appropriate (but not less often than monthly) and prior to audit or settlement by the General Accounting Office, from the Federal Hospital Insurance Trust Fund, the amounts so determined, with necessary adjustments on account of previously made overpayments or underpayments; except that no such payments shall be made to any provider unless it has furnished such information as the Secretary may request in order to determine the amounts due such provider under this part for the period with respect to which the amounts are being paid or any prior period.

"USE OF PUBLIC AGENCIES OR PRIVATE ORGANIZATIONS TO FACILITATE PAYMENT TO PROVIDERS OF SERVICES

"SEC. 1816. (a) If any group or association of providers of services wishes to have payments under this part to such providers made through a national, State, or other public or private agency or organization and nominates such agency or organization for this purpose, the Secretary is authorized to enter into an agreement with such agency or organization pro-

viding for the determination by such agency or organization (subject to such review by the Secretary as may be provided for by the agreement) of the amount of the payments required pursuant to this part to be made to such providers, and for the making of such payments by such agency or organization to such providers. Such agreement may also include provision for the agency or organization to do all or any part of the following: (1) to provide consultative services to institutions or agencies to enable them to establish and maintain fiscal records necessary for purposes of this part and otherwise to qualify as hospitals, extended care facilities, or home health agencies, and (2) with respect to the providers of services which are to receive payments through it (A) to serve as a center for, and communicate to providers, any information or instructions furnished to it by the Secretary, and serve as a channel of communication from providers to the Secretary; (B) to make such audits of the records of providers as may be necessary to insure that proper payments are made under this part; and (C) to perform such other functions as are necessary to carry out this subsection.

"(b) The Secretary shall not enter into an agreement with any agency or organization under this section unless **(51)***(1)* he finds **(52)**~~(1)~~*(A)* that to do so is consistent with the effective and efficient administration of this part,

(53)~~(2)~~*(B)* that such agency or organization is willing and able to assist the providers to which payments are made through it under this part in the application of safeguards against unnecessary utilization of services furnished by them to individuals entitled to hospital insurance benefits under section 226, and the agreement provides for such assistance, and (54)~~(3)~~*(2)* such agency or organization agrees to furnish to the Secretary such of the information acquired by it in carrying out its agreement under this section as the Secretary may find necessary in performing his functions under this part.

"(c) An agreement with any agency or organization under this section may contain such terms and conditions as the Secretary finds necessary or appropriate, may provide for advances of funds to the agency or organization for the making of payments by it under subsection (a), and shall provide for payment of so much of the cost of administration of the agency or organization as is determined by the Secretary to be necessary and proper for carrying out the functions covered by the agreement.

"(d) If the nomination of an agency or organization as provided in this section is made by a group or association of providers of services, it shall not be binding on members of the group or association which notify the Secretary of their election to that effect. Any provider may, upon such notice

as may be specified in the agreement under this section with an agency or organization, withdraw its nomination to receive payments through such agency or organization. Any provider which has withdrawn its nomination, and any provider which has not made a nomination, may elect to receive payments from any agency or organization which has entered into an agreement with the Secretary under this section if the Secretary and such agency or organization agree to it.

"(e) An agreement with the Secretary under this section may be terminated—

"(1) by the agency or organization which entered into such agreement at such time and upon such notice to the Secretary, to the public, and to the providers as may be provided in regulations, or

"(2) by the Secretary at such time and upon such notice to the agency or organization, to the providers which have nominated it for purposes of this section, and to the public, as may be provided in regulations, but only if he finds, after reasonable notice and opportunity for hearing to the agency or organization, that (A) the agency or organization has failed substantially to carry out the agreement, or (B) the continuation of some or all of the functions provided for in

the agreement with the agency or organization is disadvantageous or is inconsistent with the efficient administration of this part.

"(f) An agreement with an agency or organization under this section may require any of its officers or employees certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in carrying out the agreement, to give surety bond to the United States in such amount as the Secretary may deem appropriate.

"(g) (1) No individual designated pursuant to an agreement under this section as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payments certified by him under this section.

"(2) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided in paragraph (1) of this subsection.

(55)"*(3) No such agency or organization shall be liable to the United States for any payments referred to in paragraph (1) or (2).*

"FEDERAL HOSPITAL INSURANCE TRUST FUND

"SEC. 1817. (a) (56)*(1)* There is hereby created on the books of the Treasury of the United States a trust fund

to be known as the 'Federal Hospital Insurance Trust Fund' (hereinafter in this section referred to as the 'Trust Fund'). The Trust Fund shall consist of such amounts as may be deposited in, or appropriated to, such fund as provided in this part. There are hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1966, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"~~(57) (1)~~ *(A)* the taxes imposed by sections 3101 (b) and 3111 (b) of the Internal Revenue Code of 1954 with respect to wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of such Code after December 31, 1965. as determined by the Secretary of the Treasury by applying the applicable rates of tax under such sections to such wages, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of records of wages established and maintained by the Secretary of Health, Education, and Welfare in accordance with such reports; and

"~~(58) (2)~~ *(B)* the taxes imposed by section 1401 (b) of the Internal Revenue Code of 1954 with respect to self-employment income reported to the Secretary of the Treasury or his delegate on tax returns under subtitle F

of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such section to such self-employment income, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of records of self-employment established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.

The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such sentence.

(59)*"(2) In addition to the amounts that are appropriated (under the provisions of paragraph(1)) to the Trust Fund, there are authorized to be appropriated to the Trust Fund from time to time such sums as the Secretary deems necessary for any fiscal year in order to place such Trust Fund in the same position at the end of such fiscal year in which it would have been if payment under part A for inpatient hospital services (including inpatient psychiatric hospital services and*

*tuberculosis hospital services) furnished an individual during a spell of illness could not be made after such services had been furnished him for 60 days during such spell.*

"(b) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section referred to as the 'Board of Trustees') composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this section referred to as the 'Managing Trustee'). The Commissioner of Social Security shall serve as the Secretary of the Board of Trustees. The Board of Trustees shall meet not less frequently than once each ~~(60)~~*calendar* year. It shall be the duty of the Board of Trustees to—

"(1) Hold the Trust Fund;

"(2) Report to the Congress not later than the first day of March of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next 2 fiscal years;

"(3) Report immediately to the Congress whenever the Board is of the opinion that the amount of the Trust Fund is unduly small; and

"(4) Review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected income to, and disbursements to be made from, the Trust Fund during the current fiscal year and each of the next 2 fiscal years, and a statement of the actuarial status of the Trust Fund. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(c) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second

Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest on such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield. The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, only where he determines that the purchase of such other obligations is in the public interest.

"(d) Any obligations acquired by the Trust Fund (except public-debt obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market

price, and such public-debt obligations may be redeemed at par plus accrued interest.

"(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(f) (1) The Managing Trustee is directed to pay from time to time from the Trust Fund into the Treasury the amount estimated by him as taxes imposed under section 3101 (b) which are subject to refund under section 6413 (c) of the Internal Revenue Code of 1954 with respect to wages paid after December 31, 1965. Such taxes shall be determined on the basis of the records of wages established and maintained by the Secretary of Health, Education, and Welfare in accordance with the wages reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, and the Secretary (61)*of Health, Education, and Welfare* shall furnish the Managing Trustee such information as may be required by the (62)*Managing* Trustee for such purpose. The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections.

"(2) Repayments made under paragraph (1) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears

that the estimates under such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

"(g) There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Federal Old-Age and Survivors Insurance Trust Fund and from the Federal Disability Insurance Trust Fund amounts equivalent to the amounts not previously so transferred which the Secretary of Health, Education, and Welfare shall have certified as overpayments (other than amounts so certified to the Railroad Retirement Board) pursuant to section 1870(b) of this Act. There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which the Secretary of Health, Education, and Welfare shall have certified as overpayments to the Railroad Retirement Board pursuant to section 1870(b) of this Act.

"(h) The Managing Trustee shall also pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to make the payments provided for by this part, and the payments with respect to administrative expenses in accordance with section 201(g)(1).

"PART B—SUPPLEMENTARY (63)~~HEALTH~~ *MEDICAL* INSURANCE BENEFITS FOR THE AGED

"ESTABLISHMENT OF SUPPLEMENTARY (64)~~HEALTH~~ *MEDICAL* INSURANCE PROGRAM FOR THE AGED

"SEC. 1831. There is hereby established a voluntary insurance program to provide (65)~~health~~ *medical* insurance benefits in accordance with the provisions of this part for individuals 65 years of age or over who elect to enroll under such program, to be financed from premium payments by enrollees together with contributions from funds appropriated by the Federal Government.

"SCOPE OF BENEFITS

"SEC. 1832. (a) The benefits provided to an individual by the insurance program established by this part shall consist of—

(66)~~"(1) entitlement to have payment made to him or on his behalf (subject to the provisions of this part) for—~~

~~"(A) physicians' services; and~~

~~"(B) medical and other health services, except those described in paragraph (2)(C); and~~

*"(1) entitlement to have payment made to him or on his behalf (subject to the provisions of this part) for medical and other health services, except those described in paragraph (2)(B); and*

"(2) entitlement to have payment made on his behalf (subject to the provisions of this part) for—

~~(67) "(A) inpatient psychiatric hospital services for up to 60 days during a spell of illness;~~

"~~(68) (B)~~ *(A)* home health services for up to 100 visits during a calendar year; and

"~~(69) (C)~~ *(B)* medical and other health services ~~(70)~~*(other than physicians' services unless furnished by a resident or intern of a hospital or unless such services are in the field of pathology, radiology, physiatry, or anesthesiology)* furnished by a provider of services or by others under arrangements with them made by a provider of services.

"(b) For definitions of 'spell of illness', 'medical and other health services', and other terms used in this part, see section 1861.

"PAYMENT OF BENEFITS

"SEC. 1833. (a) Subject to the succeeding provisions of this section, there shall be paid from the Federal Supplementary ~~(71) Health~~ *Medical* Insurance ~~(72) Benefits~~ Trust Fund, in the case of each individual who is covered under the insurance program established by this part and incurs expenses for services with respect to which benefits are payable under this part, amounts equal to—

"(1) in the case of services described in section 1832(a)(1)—80 percent of the reasonable charges for the services; (73)~~and~~ *except that an organization which provides medical and other health services (or arranges for their availability) on a prepayment basis may elect to be paid 80 percent of the reasonable cost of services for which payment may be made under this part on behalf of individuals enrolled in such organization in lieu of 80 percent of the reasonable charges for such services if the organization undertakes to charge such individuals no more than 20 percent of such reasonable cost plus any amounts payable by them as a result of subsection (b); and*

"(2) in the case of services described in section 1832(a)(2)—80 percent of the reasonable cost of the services (as determined under section 1861 (73a)~~(v)~~ *(u)*).

"(b) Before applying subsection (a) with respect to expenses incurred by an individual during any calendar year, the total amount of the expenses incurred by such individual during such year (which would, except for this subsection, constitute incurred expenses from which benefits payable under subsection (a) are determinable) shall be reduced by a deductible of $50; except that the amount of the deductible for such calendar year as so determined shall first be reduced

by the amount of any expenses incurred by such individual in the last three months of the preceding calendar year and applied toward such individual's deductible under this section for such preceding (74)~~year~~ *year, and except that the amount of any deductible imposed under section 1813(a)(2)(A) with respect to outpatient hospital diagnostic services furnished in any year shall be regarded as an incurred expense under this part for such year.*

"(c) Notwithstanding any other provision of this part, with respect to expenses incurred in any calendar year in connection with the treatment of mental, psychoneurotic, and personality disorders of an individual who is not an inpatient of a hospital at the time such expenses are incurred, there shall be considered as incurred expenses for purposes of subsections (a) and (b) only whichever of the following amounts is the smaller:

"(1) $312.50, or

"(2) 62½ percent of such expenses.

(75)~~"(d) Notwithstanding any other provision of this part, expenses for whole blood furnished to an individual in a hospital shall be considered incurred expenses for purposes of subsections (a) and (b) only if he has already been furnished in the same spell of illness 3 pints of whole blood for which (except for this subsection or section 1813(a)(3)) payment would be made under this title.~~

"(76) ~~(c)~~ *(d)* No payment may be made under this part with respect to any services furnished and individual to the extent that such individual is entitled (or would be entitled except for section 1813 (77) *other than subsection (a)(2)(A) thereof*) to have payment made with respect to such services under part A.

"(78) ~~(f)~~ *(e)* No payment shall be made to any provider of services or other person under this part unless there has been furnished such information as may be necessary in order to determine the amounts due such provider or other person under this part for the period with respect to which the amounts are being paid or for any prior period.

"DURATION OF SERVICES

"SEC. 1834. (79) ~~(a) (1) Payment under this part for inpatient psychiatric hospital services furnished an individual during a spell of illness may not be made after such services have been furnished to him for 60 days during such spell; and no payment under this part for inpatient psychiatric hospital services furnished an individual may be made after such services have been furnished to him for a total of 180 days during his lifetime.~~

~~"(2) If an individual is an inpatient in a psychiatric hospital on the first day on which he is entitled to benefits under this part, the days in the 60-day period immediately before such first day on which he was an inpatient in such~~

~~a hospital shall be included in determining the 60-day limit under paragraph (1) but not in determining the 180-day limit under such paragraph.~~

"(80)~~(b)~~ *SEC. 1834 (a)* Payment under this part may not be made for home health services furnished an individual during any calendar year after such services have been furnished to him during such year for 100 visits. The number of visits to be charged for purposes of the limitation in the preceding sentence, in connection with items and services described in section 1861 (m), shall be determined in accordance with regulations.

"(81)~~(c)~~ *(b)* For purposes of (82)~~subsections (a) (1) and (b), inpatient psychiatric hospital services and home~~ *subsection (a), home* health services shall be taken into account only if payment under this part is or would be, except for this section or the failure to comply with the request and certification requirements of or under section 1835 (a), made with respect to such services.

"PROCEDURE FOR PAYMENT OF CLAIMS OF PROVIDERS OF SERVICES

"SEC. 1835. (a) Payment for services described in section 1832 (a) (2) furnished an individual may be made only to providers of services which are eligible therefor under section 1866 (a), and only if—

"(1) written request, signed by such individual

except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner, within such time, and by such person or persons as the Secretary may by regulations prescribe; (83)*and*

"(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases, with such frequency, and accompanied by such supporting material, appropriate to the case involved, as may be provided by (84)~~regulations, except that the first of such recertifications shall be required in each case of inpatient psychiatric hospital services not later than the 20th day of such period)~~ *regulations)* that—

(85)~~"(A) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or (ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;~~

"(86)~~(B) (A) in the case of home health~~ services (i) such services are or were required be-

cause the individual is or was confined to his home (except when receiving items and services referred to in section 1861 (m) (7) ) and needed skilled nursing care on an intermittent basis, or (87) ~~because he needed~~ physical or speech therapy, (ii) a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician; and

"(88) ~~(C)~~ *(B)* in the case of medical and other health services, such services are or were medically (89) ~~required;~~ *required.*

(90) ~~"(3) in the case of inpatient psychiatric hospital services, the services are those which the records of the hospital indicate were furnished to the individual during periods when he was receiving (A) intensive treatment services, (B) admission and related services necessary for a diagnostic study, or (C) equivalent services;~~

~~"(4) with respect to inpatient psychiatric hospital services furnished to the individual after the 20th day of a continuous period of such services, there was not in effect, at the time of admission of such individual to the hospital, a decision under section 1866(d) (based on a~~

finding that utilization review of long-stay cases is not being made in such hospital) ; and

"(5) with respect to inpatient psychiatric hospital services furnished to the individual during a continuous period, a finding has not been made (by the physician members of the committee or group, as described in section 1861(k)(4)) pursuant to the system of utilization review that further inpatient psychiatric hospital services are not medically necessary; except that, if such a finding has been made, payment may be made with respect to such services furnished before the 4th day after the day on which the hospital received notice of such finding.

To the extent provided by regulations, the certification and recertification requirements of paragraph (2) shall be deemed satisfied where, at a later date, a physician makes a certification of the kind provided in subparagraph (91)(A), (B), or (C) *(A) or (B)* of paragraph (2) (whichever would have applied), but only where such certification is accompanied by such medical and other evidence as may be required by such regulations.

"(b) No payment may be made under this part to any Federal provider of services or other Federal agency, except a provider of services which the Secretary determines is providing services to the public generally as a community

institution or agency; and no such payment may be made to any provider of services or other person for any item or service which such provider or person is obligated by a law of, or a contract with, the United States to render at public expense.

(92)~~" (c) Notwithstanding that an individual is not entitled to have payment made under this part for inpatient psychiatric hospital services furnished by any psychiatric hospital, payment shall be made to such hospital (unless it elects not to receive such payment or, if payment has already been made by or on behalf of such individual, fails to refund such payment within the time specified by the Secretary) for such services which are furnished to the individual prior to notification to such hospital from the Secretary of his lack of entitlement, if such payments are precluded only by reason of section 1834 and if such hospital complies with the requirements of and regulations under this title with respect to such payments, has acted in good faith and without knowledge of such lack of entitlement, and has acted reasonably in assuming entitlement existed. Payment under the preceding sentence may not be made for services furnished an individual pursuant to any admission after the 6th elapsed day (not including as an elapsed day Saturday, Sunday, or a legal holiday) after the day on which such admission occurred.~~

"ELIGIBLE INDIVIDUALS

"SEC. 1836. Every individual who—

"(1) has attained the age of 65, and

"(2) is a resident of the United States, and is (93)~~either~~ *(A)* a citizen or (94)*(B)* an alien lawfully admitted for permanent residence (95)*who has resided in the United States continuously during the 10 years immediately preceding the month in which he applies for enrollment under this part,*

is eligible to enroll in the insurance program established by this part.

"ENROLLMENT PERIODS

"SEC. 1837. (a) An individual may enroll in the insurance program established by this part only in such manner and form as may be prescribed by regulations, and only during an enrollment period prescribed in or under this section.

"(b) (1) No individual may enroll for the first time under this part more than 3 years after the close of the first enrollment period during which he could have enrolled under this part.

"(2) An individual whose enrollment under this part has terminated may not enroll for the second time under this part unless he does so in a general enrollment period (as

provided in subsection (e)) which begins within 3 years after the effective date of such termination. No individual may enroll under this part more than twice.

"(c) In the case of individuals who first satisfy paragraphs (1) and (2) of section 1836 before (96)~~January 1,~~ *July 1,* 1966, the initial general enrollment period shall begin on (97)~~the first day of the second month which begins after the date of enactment of this title and shall end on March 31, 1966~~ *April 1, 1966, and shall end on September 30, 1966.*

"(d) In the case of an individual who first satisfies paragraphs (1) and (2) of section 1836 on or after (98)~~January 1~~ *July 1,* 1966, his initial enrollment period shall begin on the first day of the third month before the month in which he first satisfies such paragraphs and shall end seven months later.

"(e) There shall be a general enrollment period, after the period described in subsection (c), during the period beginning on October 1 and ending on December 31 of each (99)~~odd numbered~~ *even-numbered* year beginning with (100)~~1967~~ *1968.*

"COVERAGE PERIOD

"SEC. 1838. (a) The period during which an individual is entitled to benefits under the insurance program established

by this part (hereinafter referred to as his 'coverage period') shall begin on whichever of the following is the latest:

"(1) (101)~~July 1, 1966~~ *January 1, 1967*; or

(102)~~"(2) the first day of the third month following the month in which he enrolls pursuant to subsection (d) of section 1837, or the July 1 following the month in which he enrolls pursuant to subsection (c) of section 1837.~~

*"(2)(A) in the case of an individual who enrolls pursuant to subsection (d) of section 1837 before the month in which he first satisfies paragraphs (1) and (2) of section 1836, the first day of such month, or*

*"(B) in the case of an individual who enrolls pursuant to such subsection (d) in the month in which he first satisfies such paragraphs, the first day of the month following the month in which he so enrolls, or*

*"(C) in the case of an individual who enrolls pursuant to such subsection (d) in the month following the month in which he first satisfies such paragraphs, the first day of the second month following the month in which he so enrolls, or*

*"(D) in the case of an individual who enrolls pursuant to such subsection (d) more than one month following the month in which he satisfies such paragraphs,*

*the first day of the third month following the month in which he so enrolls, or*

*"(E) in the case of an individual who enrolls pursuant to subsection (e) of section 1837, the July 1 following the month in which he so enrolls.*

"(b) An individual's coverage period shall continue until his enrollment has been terminated—

"(1) by the filing of notice, during a general enrollment period described in section 1837(e), that the individual no longer wishes to participate in the insurance program established by this part, or

"(2) for nonpayment of premiums.

The termination of a coverage period under paragraph (1) shall take effect at the close of December 31 of the year in which the notice is filed. The termination of a coverage period under paragraph (2) shall take effect on a date determined under regulations, which may be determined so as to provide a grace period (not in excess of 90 days) in which overdue premiums may be paid and coverage continued.

"(c) No payments may be made under this part with respect to the expenses of an individual unless such expenses were incurred by such individual during a period which, with respect to him, is a coverage period.

"AMOUNTS OF PREMIUMS

"SEC. 1839. (a) The monthly premium of each individual enrolled under this part for each month before (103)~~1968~~ *1969* shall be $3.

"(b) (1) The monthly premium of each individual enrolled under this part for each month after (104)~~1967~~ *1968* shall be the amount determined under paragraph (2).

"(2) The Secretary shall, between July 1 and October 1 of (105)~~1967~~ *1968* and of each (106)~~odd-numbered~~ *even-numbered* year thereafter, determine and promulgate the dollar amount which shall be applicable for premiums for months occurring in either of the two succeeding calendar years. Such dollar amount shall be such amount as the Secretary estimates to be necessary so that the aggregate premiums for such two succeeding calendar years will equal one-half of the total of the benefits and administrative costs which he estimates will be payable from the Federal Supplementary (107)~~Health~~ *Medical* Insurance (108)~~Benefits~~ Trust Fund for such two succeeding calendar years. In estimating aggregate benefits payable for any period, the Secretary shall include an appropriate amount for a contingency margin.

"(c) In the case of an individual whose coverage period began pursuant to an enrollment after his initial enrollment period (determined pursuant to subsection (c) or (d) of

section 1837), the monthly premium determined under subsection (b) shall be increased by 10 percent of the monthly premium so determined for each full 12 months in which he could have been but was not enrolled. For purposes of the preceding sentence, there shall be taken into account (1) the months which elapsed between the close of his initial enrollment period and the close of the enrollment period in which he enrolled, plus (in the case of an individual who enrolls for a second time) (2) the months which elapsed between the date of the termination of his first coverage period and the close of the enrollment period in which he enrolled for the second time.

"(d) If any monthly premium determined under the foregoing provisions of this section is not a multiple of 10 cents, such premium shall be rounded to the nearest multiple of 10 cents.

"PAYMENT OF PREMIUMS

"SEC. 1840. (a) (1) In the case of an individual who is entitled to monthly benefits under section 202, his monthly premiums under this part shall (except as provided in subsection (d)) be collected by deducting the amount thereof from the amount of such monthly benefits. Such deduction shall be made in such manner and at such times as the Secretary shall by regulation prescribe.

"(2) The Secretary of the Treasury shall, from time

to time, transfer from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund to the Federal Supplementary (109)~~Health~~ *Medical* Insurance (110)~~Benefits~~ Trust Fund the aggregate amount deducted under paragraph (1) for the period to which such transfer relates from benefits under section 202 which are payable from such Trust Fund. Such transfer shall be made on the basis of a certification by the Secretary of Health, Education, and Welfare and shall be appropriately adjusted to the extent that prior transfers were too great or too small.

"(b) (1) In the case of an individual who is entitled to receive for a month an annuity or pension under the Railroad Retirement Act of 1937, his monthly premiums under this part shall (except as provided in subsection (d)) be collected by deducting the amount thereof from such annuity or pension. Such deduction shall be made in such manner and at such times as the Secretary shall by regulations prescribe. Such regulations shall be prescribed only after consultation with the Railroad Retirement Board.

"(2) The Secretary of the Treasury shall, from time to time, transfer from the Railroad Retirement Account to the Federal Supplementary (111)~~Health~~ *Medical* Insurance (112)~~Benefits~~ Trust Fund the aggregate amount deducted under paragraph (1) for the period to which such transfer

relates. Such transfers shall be made on the basis of a certification by the Railroad Retirement Board and shall be appropriately adjusted to the extent that prior transfers were too great or too small.

"(c) In the case of an individual who is entitled both to monthly benefits under section 202 and to an annuity or pension under the Railroad Retirement Act of 1937 at the time he enrolls under this part, subsection (a) shall apply so long as he continues to be entitled both to such benefits and such annuity or pension. In the case of an individual who becomes entitled both to such benefits and such an annuity or pension after he enrolls under this part, subsection (a) shall apply if the first month for which he was entitled to such benefits was the same as or earlier than the first month for which he was entitled to such annuity or pension, and otherwise subsection (b) shall apply.

"(d) If an individual to whom subsection (a) or (b) applies estimates that the amount which will be available for deduction under such subsection for any premium payment period will be less than the amount of the monthly premiums for such period, he may (under regulations) pay to the Secretary such portion of the monthly premiums for such period as he desires.

(113)"*(e)(1) In the case of an individual receiving an annuity under the Civil Service Retirement Act, or other Act ad-*

*ministered by the Civil Service Commission providing retirement or survivorship protection, to whom neither subsection (a) nor subsection (b) applies, his monthly premiums under this part (and the monthly premiums of the spouse of such individual under this part if neither subsection (a) nor subsection (b) applies to such spouse and if such individual agrees) shall, upon notice from the Secretary of Health, Education, and Welfare to the Civil Service Commission, be collected by deducting the amount thereof from each installment of such annuity. Such deduction shall be made in such manner and at such times as the Civil Service Commission may determine. The Civil Service Commission shall furnish such information as the Secretary of Health, Education, and Welfare may reasonably request in order to carry out his functions under this part with respect to individuals to whom this subsection applies.*

*"(2) The Secretary of the Treasury shall, from time to time, but not less often than quarterly, transfer from the Civil Service Retirement and Disability Fund, or the account (if any) applicable in the case of such other Act administered by the Civil Service Commission, to the Federal Supplementary Medical Insurance Trust Fund the aggregate amount deducted under paragraph (1) for the period to which such transfer relates. Such transfer shall be made on the basis of a certification by the Civil Service Commission*

*and shall be appropriately adjusted to the extent that prior transfers were too great or too small.*

"(114) ~~(c)~~ *(f)* In the case of an individual who participates in the insurance program established by this part but with respect to whom (115) ~~neither subsection (a) nor subsection (b)~~ *none of the preceding provisions of this section (other than subsection (d))* applies, the premiums shall be paid to the Secretary at such times, and in such manner, as the Secretary shall by regulations prescribe.

"(116) ~~(f)~~ *(g)* Amounts paid to the Secretary under subsection (d) or (117) ~~(e)~~ *(f)* shall be deposited in the Treasury to the credit of the Federal Supplementary (118) ~~Health~~ *Medical* Insurance (119) ~~Benefits~~ Trust Fund.

"(120) ~~(g)~~ *(h)* In the case of an individual who participates in the insurance program established by this part, premiums shall be payable for the period commencing with the first month of his coverage period and ending with the month in which he dies or, if earlier, in which his coverage under such program terminates.

"FEDERAL SUPPLEMENTARY (121) ~~HEALTH~~ *MEDICAL* INSURANCE (122) ~~BENEFITS~~ TRUST FUND

"SEC. 1841. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Supplementary (123) ~~Health~~ *Medical* Insur-

ance (124)~~Benefits~~ Trust Fund' (hereinafter in this section referred to as the 'Trust'). The Trust Fund shall consist of such amounts as may be deposited in, or appropriated to, such fund as provided in this part.

"(b) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section referred to as the 'Board of Trustees') composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this section referred to as the 'Managing Trustee'). The Commissioner of Social Security shall serve as the Secretary of the Board of Trustees. The Board of Trustees shall meet not less frequently than once each (125)*calendar* year. It shall be the duty of the Board of Trustees to—

"(1) Hold the Trust Fund;

"(2) Report to the Congress not later than the first day of March of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and the next 2 fiscal years;

"(3) Report immediately to the Congress whenever

the Board is of the opinion that the amount of the Trust Fund is unduly small; and

"(4) Review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected income to, and disbursements to be made from, the Trust Fund during the current fiscal year and each of the next 2 fiscal years, and a statement of the actuarial status of the Trust Fund. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(c) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at the issue price, or (2) by purchase of outstanding obliga-

tions at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of 4 years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest on such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield. The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, only where he determines that the purchase of such other obligations is in the public interest.

"(d) Any obligations acquired by the Trust Fund (except public-debt obligations issued exclusively to the Trust

Fund) may be sold by the Managing Trustee at the market price, and such public-debt obligations may be redeemed at par plus accrued interest.

"(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(f) There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Federal Old-Age and Survivors Insurance Trust Fund and from the Federal Disability Insurance Trust Fund amounts equivalent to the amounts not previously so transferred which the Secretary of Health, Education, and Welfare shall have certified as overpayments (other than amounts so certified to the Railroad Retirement Board) pursuant to section 1870 (b) of this Act. There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which the Secretary of Health, Education, and Welfare shall have certified as overpayments to the Railroad Retirement Board pursuant to section 1870 (b) of this Act.

"(g) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to

make the payments provided for by this part, and the payments with respect to administrative expenses in accordance with section 201 (g) (1).

(126) *"(h) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to pay the costs incurred by the Civil Service Commission in making deductions pursuant to section 1840(e). During each fiscal year, or after the close of such fiscal year, the Civil Service Commission shall certify to the Secretary the amount of the costs it incurred in making such deductions, and such certified amount shall be the basis for the amount of such costs certified by the Secretary to the Managing Trustee.*

"USE OF CARRIERS FOR ADMINISTRATION OF BENEFITS

"SEC. 1842. (a) (127) ~~In order to provide for the administration of the benefits under this part, the Secretary shall to the extent possible enter into contracts with carriers which will undertake to perform the following functions or, to the extent provided in such contracts, to secure such performance by other organizations:~~ *In order to provide for the administration of the benefits under this part with maximum efficiency and convenience for individuals entitled to benefits under this part and for providers of services and other persons furnishing services to such individuals, and with a view to furthering coordination of the administration of the benefits under*

*part A and under this part, the Secretary is authorized to enter into contracts with carriers, including carriers with which agreements under section 1816 are in effect, which will perform some or all of the following functions (or, to the extent provided in such contracts, will secure performance thereof by other organizations); and, with respect to any of the following functions which involve payments for physicians' services, the Secretary shall to the extent possible enter into such contracts:*

"(1) (A) make determinations of the rates and amounts of payments required pursuant to this part to be made to providers of services and other persons on a reasonable cost or reasonable charge basis (as may be applicable);

"(B) receive, disburse, and account for funds in making such payments; and

"(C) make such audits of the records of providers of services as may be necessary to assure that proper payments are made under this part;

"(2) (A) determine compliance with the requirements of section 1861 (k) as to utilization review; and

"(B) assist providers of services and other persons who furnish services for which payment may be made under this part in the development of procedures relating to utilization practices, make studies of the effectiveness

of such procedures and methods for their improvement, assist in the application of safeguards against unnecessary utilization of services furnished by providers of services and other persons to individuals entitled to benefits under this part, and provide procedures for and assist in arranging, where necessary, the establishment of groups outside hospitals (meeting the requirements of section 1861 (k) (2)) to make reviews of utilization;

"(3) serve as a channel of communication of information relating to the administration of this part; and

"(4) otherwise assist, in such manner as the contract may provide, in discharging administrative duties necessary to carry out the purposes of this part.

"(b) (1) Contracts with carriers under subsection (a) may be entered into without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding.

"(2) No such contract shall be entered into with any carrier unless the Secretary finds that such carrier will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as he finds pertinent.

"(3) Each such contract shall provide that the carrier—

"(A) will take such action as may be necessary to

assure that, where payment under this part for a service is on a cost basis, the cost is reasonable cost (as determined under section 1861 ~~(127a)~~ ~~(v)~~ *(u)*) ;

"(B) will take such action as may be necessary to assure that, where payment under this part for a service is on a charge basis, (i) such charge will be reasonable and not higher than the charge applicable, for a comparable service and under comparable circumstances, to the policyholders and subscribers of the carrier, and (ii) such payment will be made on the basis of a receipted bill, or on the basis of an assignment under the terms of which the reasonable charge is the full charge for the service;

"(C) will establish and maintain procedures pursuant to which an individual enrolled under this part will be granted an opportunity for a fair hearing by the carrier when requests for payment under this part with respect to services furnished him are denied or are not acted upon with reasonable promptness or when the amount of such payment is in controversy;

"(D) will furnish to the Secretary such timely information and reports as he may find necessary in performing his functions under this part; and

"(E) will maintain such records and afford such access thereto as the Secretary finds necessary to assure

the correctness and verification of the information and reports under subparagraph (D) and otherwise to carry out the purposes of this part;

and shall contain such other terms and conditions not inconsistent with this section as the Secretary may find necessary or appropriate. (128)*In determining the reasonable charge for services for purposes of this paragraph, there shall be taken into consideration the customary charges for similar services generally made by the physician or other person furnishing such services, as well as the prevailing charges in the locality for similar services.*

"(4) Each contract under this section shall be for a term of at least one year, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term; except that the Secretary may terminate any such contract at any time (after such reasonable notice and opportunity for hearing to the carrier involved as he may provide in regulations) if he finds that the carrier has failed substantially to carry out the contract or is carrying out the contract in a manner inconsistent with the efficient and effective administration of the insurance program established by this part.

"(c) Any contract entered into with a carrier under this section shall provide for advances of funds to the carrier

for the making of payments by it under this part, and shall provide for payment of the cost of administration of the carrier, as determined by the Secretary to be necessary and proper for carrying out the functions covered by the contract.

"(d) Any contract with a carrier under this section may require such carrier or any of its officers or employees certifying payments or disbursing funds pursuant to the contract, or otherwise participating in carrying out the contract, to give surety bond to the United States in such amount as the Secretary may deem appropriate.

"(e) (1) No individual designated pursuant to a contract under this section as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payments certified by him under this section.

"(2) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided in paragraph (1) of this subsection.

(129) *"(3) No such carrier shall be liable to the United States for any payments referred to in paragraph (1) or (2).*

"(f) For purposes of this part, the term 'carrier' means—

"(1) with respect to providers of services and other

persons, a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of, health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an employee organization; and

"(2) with respect to providers of services only, any agency or organization (not described in paragraph (1)) with which an agreement is in effect under section 1816.

"STATE AGREEMENTS FOR COVERAGE OF ELIGIBLE INDIVIDUALS WHO ARE RECEIVING MONEY PAYMENTS UNDER PUBLIC ASSISTANCE PROGRAMS

"SEC. 1843. (a) The Secretary shall, at the request of a State made before (130) ~~July 1, 1967~~ *January 1, 1968*, enter into an agreement with such State pursuant to which all eligible individuals in either of the coverage groups described in subsection (b) (as specified in the agreement) will be enrolled under the program established by this part.

"(b) An agreement entered into with any State pur-

suant to subsection (a) may be applicable to either of the following coverage groups:

"(1) individuals receiving money payments under the plan of such State approved under title I or title XVI; or

"(2) individuals receiving money payments under all of the plans of such State approved under titles I, IV, X, XIV, and XVI;

except that there shall be excluded from any coverage group any individual who is entitled to monthly insurance benefits under title II or who is entitled to receive an annuity or pension under the Railroad Retirement Act of 1937.

"(c) For purposes of this section, an individual shall be treated as an eligible individual only if he is an eligible individual (within the meaning of section 1836) on the date an agreement covering him is entered into under subsection (a) or he becomes an eligible individual (within the meaning of such section) at any time after such date and before (131) ~~July 1, 1967~~ *January 1, 1968*; and he shall be treated as receiving money payments described in subsection (b) if he receives such payments for the month in which the agreement is entered into or any month thereafter before (132) ~~July 1967~~ *January 1968*.

"(d) In the case of any individual enrolled pursuant to this section—

"(1) the monthly premium to be paid by the State shall be determined under section 1839 (without any increase under subsection (c) thereof);

"(2) his coverage period shall begin on whichever of the following is the latest:

"(A) (133) ~~July 1, 1966~~ *January 1, 1967;*

"(B) the first day of the third month following the month in which the State agreement is entered into;

"(C) the first day of the first month in which he is both an eligible individual and a member of a coverage group specified in the agreement under this section; or

"(D) such date (not later than (134) ~~July 1, 1967~~ *January 1, 1968*) as may be specified in the agreement; and

"(3) his coverage period attributable to the agreement with the State under this section shall end on the last day of whichever of the following first occurs:

"(A) the month in which he is determined by the State agency to have become ineligible for

money payments of a kind specified in the agreement, or

"(B) the month preceding the first month for which he becomes entitled to monthly benefits under title II or to an annuity or pension under the Railroad Retirement Act of 1937.

"(e) Any individual whose coverage period attributable to the State agreement is terminated pursuant to subsection (d) (3) shall be deemed for purposes of this part (including the continuation of his coverage period under this part) to have enrolled under section 1837 in the initial general enrollment period provided by section 1837 (c).

"(f) With respect to eligible individuals receiving money payments under the plan of a State approved under title I, IV, X, XIV, or XVI, if the agreement entered into under this section so provides, the term 'carrier' as defined in section 1842 (f) also includes the State agency, specified in such agreement, which administers or supervises the administration of the plan of such State approved under title I, XVI, or XIX. The agreement shall also contain such provisions as will facilitate the financial transactions of the State and the carrier with respect to deductions, coinsurance, and otherwise, and as will lead to econ-

omy and efficiency of operation, with respect to individuals receiving money payments under plans of the State approved under titles I, IV, X, XIV, and XVI.

"APPROPRIATIONS TO COVER GOVERNMENT CONTRIBUTIONS AND CONTINGENCY RESERVE

"SEC. 1844. (a) There are authorized to be appropriated from time to time, out of any moneys in the Treasury not otherwise appropriated, to the Federal Supplementary (135)~~Health~~ *Medical* Insurance (136)~~Benefits~~ Trust Fund, a Govement contribution equal to the aggregate premiums payable under this part.

"(b) In order to assure prompt payment of benefits provided under this part and the administrative expenses thereunder during the early months of the program established by this part, and to provide a contingency reserve, there is also authorized to be appropriated (137)~~during the fiscal year ending June 30, 1966~~, out of any moneys in the Treasury not otherwise appropriated, to remain available through (138)~~the next fiscal year~~ *the calendar year 1968* for repayable advances (without interest) to the Trust Fund, an amount equal to $18 multiplied by the number of individuals (as estimated by the Secretary) who could be covered in (139)~~July 1966~~ *January 1967* by the insurance program established by this part if they had therefore enrolled under this part.

"PART C—MISCELLANEOUS PROVISIONS

"DEFINITIONS OF SERVICES, INSTITUTIONS, ETC.

"SEC. 1861. For purposes of this title—

"Spell of Illness

"(a) The term 'spell of illness' with respect to any individual means a period of consecutive days—

"(1) beginning with the first day (not included in a previous spell of illness) (A) on which such individual is furnished inpatient hospital services or extended care services, and (B) which occurs in a month for which he is entitled to benefits under part (140)~~A or part B,~~ *A*, and

"(2) ending with the close of the first period of 60 consecutive days thereafter on each of which he is neither an inpatient of a hospital nor an inpatient of an extended care facility.

"Inpatient Hospital Services

"(b) The term 'inpatient hospital services' means the following items and services furnished to an inpatient of a hospital and (except as provided in paragraph (3)) by the hospital—

"(1) bed and board;

"(2) such nursing services and other related services, such use of hospital facilities, and such medical social services as are ordinarily furnished by the hospi-

tal for the care and treatment of inpatients, and such drugs, biologicals, supplies, appliances, and equipment, for use in the hospital, as are ordinarily furnished by such hospital for the care and treatment of inpatients; and

"(3) such other diagnostic or therapeutic items or services, furnished by the hospital or by others under arrangements with them made by the hospital, as are ordinarily furnished to inpatients either by such hospital or by others under such arrangements;

excluding, however—

"(4) medical or surgical services provided by a physician, resident, or intern (141)*(other than professional services provided in the field of pathology, radiology, physiatry, or anesthesiology under arrangements by the hospital with them)*; and

"(5) the services of a private-duty nurse or other private-duty attendant.

Paragraph (4) shall not apply to services provided in the hospital by an intern or a resident-in-training under a teaching program approved by the Council on Medical Education of the American Medical Association (142)~~(or,~~ *or*, in the case of an osteopathic hospital, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic (143)~~Association)~~ *Association, or,*

*in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of dentistry, approved by the Council on Dental Education of the American Dental Association.*

"Inpatient Psychiatric Hospital Services

"(c) The term 'inpatient psychiatric hospital services' means inpatient hospital services furnished to an inpatient of a psychiatric hospital.

"Inpatient Tuberculosis Hospital Services

"(d) The term 'inpatient tuberculosis hospital services' means inpatient hospital services furnished to an inpatient of a tuberculosis hospital.

"Hospital

"(e) The term 'hospital' (except for purposes of section 1814(d), subsection (a)(2) of this section, paragraph (7) of this subsection, (144) ~~and subsections (i) and (n)~~ *subsection (i)* of this section) means an institution which—

"(1) is primarily engaged in providing, by or under the supervision of physicians, to inpatients (A) diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or (B) rehabilitation services for the rehabilitation of injured, disabled, or sick persons;

"(2) maintains clinical records on all patients;

"(3) has bylaws in effect with respect to its staff of physicians;

"(4) has a requirement that every patient must be under the care of a physician;

"(5) provides 24-hour nursing service rendered or supervised by a registered professional nurse, and has a licensed practical nurse or registered professional nurse on duty at all times;

"(6) has in effect a hospital utilization review plan which meets the requirements of subsection (k);

"(7) in the case of an institution in any State in which State or applicable local law provides for the licensing of hospitals, (A) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for licensing hospitals, as meeting the standards established for such licensing; and

"(8) meets such other requirements as the Secretary finds necessary in the interest of the health and safety of individuals who are furnished services in the institution, except that such other requirements may not be higher than the comparable requirements prescribed for the accreditation of hospitals by the Joint Commission on (145)~~the~~ Accreditation of Hospitals.

For purposes of subsection (a) (2), such term includes any institution which meets the requirements of paragraph

(1) of this subsection. For purposes of sections 1814(d) (including determination of whether an individual received inpatient hospital services for purposes of such section), and (146)~~subsections (i) and (n)~~ *subsection (i)* of this section, such term includes any institution which meets the requirements of paragraphs (1), (2), (3), (4), (5), and (7) of this subsection. Notwithstanding the preceding provisions of this subsection, such term shall not, except for purposes of subsection (a) (2), include any institution which is primarily for the care and treatment of mental diseases or (147)~~tuberculosis; except that for purposes of part A (and so much of this part as relates to part A) such term shall include such an institution if~~ *tuberculosis unless* it is a tuberculosis hospital (as defined in subsection (148)~~(g)),~~ ~~and for purposes of part B (and so much of this part as relates to part B) such term shall include such an institution if~~ *(g)) or unless* it is a psychiatric hospital (as defined in subsection (f)). The term 'hospital' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of (149)~~Christ~~ *Christ,* Scientist, Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such institution to inpatients, and payment may be made with respect to services provided by or in such an institution only to (150)~~the~~ *such* extent and under such

conditions, limitations, and requirements (in addition to or in lieu of the conditions, limitations, and requirements otherwise applicable) as may be provided in regulations. For provisions deeming certain requirements of this subsection to be met in the case of accredited institutions, see section 1865.

"Psychiatric Hospital

"(f) The term 'psychiatric hospital' means an institution which—

"(1) is primarily engaged in providing, by or under the supervision of a physician, psychiatric services for the diagnosis and treatment of mentally ill persons;

"(2) satisfies the requirements of paragraphs (3) through (8) of subsection (e);

"(3) maintains clinical records on all patients and maintains such records as the Secretary finds to be necessary to determine the degree and intensity of the treatments provided to individuals (151)~~enrolled under the insurance program established by part B~~ *entitled to hospital insurance benefits under part A*;

"(4) meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and

"(5) is accredited by the Joint Commission on (152)~~the~~ Accreditation of Hospitals.

In the case of an institution which satisfies paragraphs (1) and (2) of the preceding sentence and which contains a distinct part which also satisfies paragraphs (3) and (4) of such sentence, such distinct part shall be considered to be a 'psychiatric hospital' if the institution is accredited by the Joint Commission on (153)~~the~~ Accreditation of Hospitals or if such distinct part meets requirements equivalent to such accreditation requirements as determined by the Secretary.

"Tuberculosis Hospital

"(g) The term 'tuberculosis hospital' means an institution which—

"(1) is primarily engaged in providing, by or under the supervision of a physician, medical services for the diagnosis and treatment of tuberculosis;

"(2) satisfies the requirements of paragraphs (3) through (8) of subsection (e);

"(3) maintains clinical records on all patients and maintains such records as the Secretary finds to be necessary to determine the degree and intensity of the treatment provided to individuals covered by the insurance program established by part A

"(4) meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and

"(5) is accredited by the Joint Commission on (154)~~the~~ Accreditation of Hospitals.

In the case of an institution which satisfies paragraphs (1) and (2) of the preceding sentence and which contains a distinct part which also satisfies paragraphs (3) and (4) of such sentence, such distinct part shall be considered to be a 'tuberculosis hospital' if the institution is accredited by the Joint Commission on (155)~~the~~ Accreditation of Hospitals or if such distinct part meets requirements equivalent to such accreditation requirements as determined by the Secretary.

"Extended Care Services

"(h) The term 'extended care services' means the following items and services furnished to an inpatient of an extended care facility and (except as provided in paragraphs (3) and (6)) by such extended care facility—

"(1) nursing care provided by or under the supervision of a registered professional nurse;

"(2) bed and board in connection with the furnishing of such nursing care;

"(3) physical, occupational, or speech therapy

furnished by the extended care facility or by others under arrangements with them made by the facility;

"(4) medical social services;

"(5) such drugs, biologicals, supplies, appliances, and equipment, furnished for use in the extended care facility, as are ordinarily furnished by such facility for the care and treatment of inpatients;

"(6) medical services provided by an intern or resident-in-training of a hospital with which the facility has in effect a transfer agreement (meeting the requirements of subsection (l)), under a teaching program of such hospital approved as provided in the last sentence of subsection (b), and other diagnostic or therapeutic services provided by a hospital with which the facility has such an agreement in effect; and

"(7) such other services necessary to the health of the patients as are generally provided by extended care facilities;

excluding, however, any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital.

"Post-Hospital Extended Care Services

"(i) The term 'post-hospital extended care services' means extended care services furnished an individual after

transfer from a hospital in which he was an inpatient for not less than 3 consecutive days before his discharge from the hospital in connection with such transfer. For purposes of the preceding sentence, items and services shall be deemed to have been furnished to an individual after transfer from a hospital, and he shall be deemed to have been an inpatient in the hospital immediately before transfer therefrom, if he is admitted to the extended care facility within 14 days after discharge from such hospital, and such individual shall be deemed not to have been discharged from the extended care facility (156) ~~if readmitted thereto within 14 days after discharge therefrom~~ *if, within 14 days after discharge therefrom, he is admitted to such facility or any other extended care facility.*

"Extended Care Facility

'(j) The term 'extended care facility' means (except for purposes of subsection (a)(2)) an institution (or a distinct part of an institution) which has in effect a transfer agreement (meeting the requirements of subsection (l)) with one or more hospitals having agreements in effect under section 1866 and which—

"(1) is primarily engaged in providing to inpatients (A) skilled nursing care and related services for patients who require medical or nursing care, or (B)

rehabilitation services for the rehabilitation of injured, disabled, or sick persons;

"(2) has policies, which are developed with the advice of (and with provision of review of such policies from time to time by) a group of professional personnel, including one or more physicians and one or more registered professional nurses, to govern the skilled nursing care and related medical or other services it provides;

"(3) has a physician, a registered professional nurse, or a medical staff responsible for the execution of such policies;

"(4) (A) has a requirement that the health care of every patient must be under the supervision of a physician, and (B) provides for having a physician available to furnish necessary medical care in case of emergency;

"(5) maintains clinical records on all patients;

"(6) provides 24-hour nursing service which is sufficient to meet nursing needs in accordance with the policies developed as provided in paragraph (2), and has at least one registered professional nurse employed full time;

"(7) provides appropriate methods and procedures for the dispensing and administering of drugs and biologicals;

"(8) has in effect a utilization review plan which meets the requirements of subsection (k);

"(9) in the case of an institution in any State in which State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing; and

"(10) meets such other conditions relating to the health and safety of individuals who are furnished services in such institution or relating to the physical facilities thereof as the Secretary may find (157)~~necessary;~~ *necessary.*

(158)~~except that such term shall not (other than for purposes of subsection (a)(2)) include any institution which is primarily for the care and treatment of mental diseases or tuberculosis.~~ For purposes of subsection (a)(2), such term includes any institution which meets the requirements of paragraph (1) of this subsection. (159)*The term 'extended care facility' also includes an institution (or a distinct part of an institution) which is operated, or listed and certified, as a Christian Science nursing home by the First Church of Christ, Scientist, in Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such an*

*institution to in-patients, and payment may be made with respect to services provided by or in such an institution only to the extent and under such conditions, limitations, and requirements (in addition to or in lieu of the conditions, limitations, and requirements otherwise applicable) as may be provided in regulations.*

"Utilization Review

"(k) A utilization review plan of a hospital or extended care facility shall be considered sufficient if it is applicable to services furnished by the institution to individuals entitled to insurance benefits under this title and if it provides—

"(1) for the review, on a sample or other basis, of admissions to the institution, the duration of stays therein, and the professional services (including drugs and biologicals) furnished, (A) with respect to the medical necessity of the services, and (B) for the purpose of promoting the most efficient use of available health facilities and services;

"(2) for such review to be made by either (A) a staff committee of the institution composed of two or more physicians, with or without participation of other professional personnel, or (B) a group outside the institution which is similarly composed and (i) which is established by the local medical society and some or all of the hospitals and extended care facilities in the

locality, or (ii) if (and for as long as) there has not been established such a group which serves such institution, which is established in such other manner as may be approved by the Secretary;

"(3) for such review, in each case of inpatient hospital services or extended care services furnished to such an individual during a continuous period of extended duration, as of such days of such period (which may differ for different classes of cases) as may be specified in regulations, with such review to be made as promptly as possible, after each day so specified, and in no event later than one week following such day; and

"(4) for prompt notification to the institution, the individual, and his attending physician of any finding (made after opportunity for consultation to such attending physician) by the physician members of such committee or group that any further stay in the institution is not medically necessary.

The review committee must be composed as provided in clause (B) of paragraph (2) rather than as provided in clause (A) of such paragraph in the case of any hospital or extended care facility where, because of the small size of the institution, or (in the case of an extended care facility) because of lack of an organized medical staff, or for such

other reason or reasons as may be included in regulations, it is impracticable for the institution to have a properly functioning staff committee for the purposes of this subsection.

"Agreements for Transfer Between Extended Care Facilities and Hospitals

"(l) A hospital and an extended care facility shall be considered to have a transfer agreement in effect if, by reason of a written agreement between them or (in case the two institutions are under common control) by reason of a written undertaking by the person or body which controls them, there is reasonable assurance that—

"(1) transfer of patients will be effected between the hospital and the extended care facility whenever such transfer is medically appropriate as determined by the attending physician; and

"(2) there will be interchange of medical and other information necessary or useful in the care and treatment of individuals transferred between the institutions, or in determining whether such individuals can be adequately cared for otherwise than in either of such institutions.

Any extended care facility which does not have such an agreement in effect, but which is found by a State agency (of the State in which such facility is situated) with which

an agreement under section 1864 is in effect (or, in the case of a State in which no such agency has an agreement under section 1864, by the Secretary) to have attempted in good faith to enter into such an agreement with a hospital (160)*within the State or otherwise* sufficiently close to the facility to make feasible the transfer between them of patients and the information referred to in paragraph (2), shall be considered to have such an agreement in effect if and for so long as such agency (or the Secretary, as the case may be) finds that to do so is in the public interest and essential to assuring extended care services for persons in the community who are eligible for payments with respect to such services under this title.

"Home Health Services

"(m) The term 'home health services' means the following items and services furnished to an individual, who is under the care of a physician, by a home health agency or by others under arrangements with them made by such agency, under a plan (for furnishing such items and services to such individual) established and periodically reviewed by a physician, which items and services are, except as provided in paragraph (7), provided on a visiting basis in a place of residence used as such individual's home—

"(1) part-time or intermittent nursing care pro-

vided by or under the supervision of a registered professional nurse;

"(2) physical, occupational, or speech therapy;

"(3) medical social services under the direction of a physician;

"(4) to the extent permitted in regulations, part-time or intermittent services of a home health aide;

"(5) medical supplies (other than drugs and biologicals), and the use of medical appliances, while under such a plan;

"(6) in the case of a home health agency which is affiliated or under common control with a hospital, medical services provided by an intern or resident-in-training of such hospital, under a teaching program of such hospital approved as provided in the last sentence of subsection (b); and

"(7) any of the foregoing items and services which are provided on an outpatient basis, under arrangements made by the home health agency, at a hospital or extended care facility, or at a rehabilitation center which meets such standards as may be prescribed in regulations, and—

"(A) the furnishing of which involves the use

of equipment of such a nature that the items and services cannot readily be made available to the individual in such place of residence, or

"(B) which are furnished at such facility while he is there to receive any such item or service described in clause (A),

but not including transportation of the individual in connection with any such item or service;

excluding, however, any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital.

~~(161) "Post-Hospital Home Health Services~~

~~"(n) The term 'post-hospital home health services' means home health services furnished an individual within one year after his most recent discharge from a hospital of which he was an inpatient for not less than 3 consecutive days or (if later) within one year after his most recent discharge from an extended care facility of which he was an inpatient entitled to payment under part A for post-hospital extended care services, but only if the plan covering the home health services (as described in subsection (m)) is established within 14 days after his discharge from such hospital or extended care facility.~~

"Home Health Agency

"(161a)~~(o)~~ *(n)* The term 'home health agency' means a public agency or private organization, or a subdivision of such an agency or organization, which—

"(1) is primarily engaged in providing skilled nursing services and other therapeutic services;

"(2) has policies, established by a group of professional personnel (associated with the agency or organization), including one or more physicians and one or more registered professional nurses, to govern the services (referred to in paragraph (1)) which it provides, and provides for supervision of such services by a physician or registered professional nurse;

"(3) maintains clinical records on all patients;

"(4) in the case of an agency or organization in any State in which State or applicable local law provides for the licensing of agencies or organizations of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing agencies or organizations of this nature, as meeting the standards established for such licensing; and

"(5) meets such other conditions of participation as the Secretary may find necessary in the interest of the health and safety of individuals who are furnished services by such agency or organization;

except that such term shall not include a private organization which is not a nonprofit organization exempt from Federal income taxation under section 501 of the Internal Revenue Code of 1954 (or a subdivision of such organization) unless it is licensed pursuant to State law and it meets such additional standards and requirements as may be prescribed in (162)~~regulations; and except that for purposes of part A such term shall not include any agency or organization which is primarily for the care and treatment of mental diseases~~ *regulations. The term 'home health agency' also includes a Christian Science visiting nurse service operated, or listed and certified, by the First Church of Christ, Scientist, in Boston, Massachusetts, but only with respect to items and services ordinarily furnished by such a visiting nurse service to individuals, and payment may be made with respect to services provided by such visiting nurse service only to the extent and under such conditions, limitations, and requirements (in addition to or in lieu of the conditions, limitations, and requirements otherwise applicable) as may be provided in regulations.*

"Outpatient Hospital Diagnostic Services

"[162a] ~~(p)~~ *(o)* the term 'outpatient hospital diagnostic services' means diagnostic services—

"(1) which are furnished to an individual as an outpatient by a hospital or by others under arrangements with them made by a hospital; and

"(2) which are ordinarily furnished by such hospital (or by others under such arrangements) to its outpatients for the purpose of diagnostic study;

excluding, however—

"(3) any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital; and

"(4) any services furnished under such arrangements unless furnished in the hospital or in other facilities operated by or under the supervision of the hospital or its organized medical staff.

"Physicians' Services

"[162b] ~~(q)~~ *(p)* The term 'physicians' services' means professional services performed by physicians, including surgery, consultation, and home, office, and institutional calls (but not including services described in the last sentence of subsection (b)).

"Physician

"(162c) ~~(r)~~ *(q)* The term 'physician', when used in connection with the performance of any function or action, means (163) ~~an individual~~ *(1) a doctor of medicine or osteopathy* legally authorized to practice medicine and surgery by the State in which he performs such function or action (including a physician within the meaning of section 1101 (a) (7)), (164) *or (2) a doctor of dentistry or of dental or oral surgery who is legally authorized to practice dentistry by the State in which he performs such function but only with respect to (A) surgery related to the jaw or any structure contiguous to the jaw or (B) the reduction of any fracture of the jaw or any facial bone.*

"Medical and Other Health Services

"(164a) ~~(s)~~ *(r)* The term 'medical and other health services' means any of the following items or services (unless they would otherwise constitute inpatient hospital services, extended care services, (165) ~~home health services, or physicians' services~~ *or home health services*) :

(166) *"(1) (A) physicians' services;*

*"(B) chiropractors' services; and*

*"(C) podiatrists' services;*

(167) *"(2) services and supplies (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) furnished as an*

*incident to a physician's professional service, of kinds which are commonly furnished in physicians' offices and are commonly either rendered without charge or included in the physicians' bills, and hospital services (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) incident to physicians' services rendered to outpatients;*

"(168) ~~(1)~~ *(3)* diagnostic X-ray and laboratory tests, (169) ~~electrocardiograms, basal metabolism readings, electroencephalograms,~~ and other diagnostic tests;

"(170) ~~(2)~~ *(4)* X-ray, radium, and radioactive isotope therapy, including materials and services of technicians;

"(171) ~~(3)~~ *(5)* surgical dressings, and splints, casts, and other devices used for reduction of fractures and dislocations;

"(172) ~~(4)~~ *(6)* rental of durable medical equipment, including iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home (including an institution used as his home) ;

"(173) ~~(5)~~ *(7)* ambulance service where the use of other methods of transportation is contraindicated by the individual's condition, but only to the extent provided in regulations;

"(174) ~~(6)~~ *(8)* prosthetic devices (other than den-

tal) which replace all or part of an internal body organ, including replacement of such devices; and

"(175)~~(7)~~ *(9)* leg, arm, back, and neck braces, and artificial legs, arms, and eyes, including replacements if required because of a change in the patient's physical condition.

(176)*No diagnostic tests performed in any laboratory which is independent of a physician's office or a hospital shall be included within paragraph (3) unless such laboratory—*

*"(10) if situated in any State in which State or applicable local law provides for licensing of establishments of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing establishments of this nature, as meeting the standards established for such licensing; and*

*"(11) meets such other conditions relating to the health and safety of individuals with respect to whom such tests are performed as the Secretary may find necessary.*

"Drugs and Biologicals

"(176a)~~(t)~~ *(s)* The term 'drugs' and the term 'biologicals', except for purposes of subsection (m) (5) of this section, include only (177)*(1)* such drugs and biologicals, respectively, as are included (178)*(or approved for inclusion)*

in the United States Pharmacopoeia (179)~~or the,~~ *the* National Formulary, (180)*or the United States Homeopathic Pharmacopoeia,* or in New Drugs or Accepted Dental Remedies (except for any drugs and biologicals unfavorably evaluated therein), or (181)~~as are approved~~ *(2) combinations of drugs or biologicals if the principal ingredient or ingredients of the combinations meet the conditions specified in clause (1), or (3) such drugs or biologicals as are approved,* by the pharmacy and drug therapeutics committee (or equivalent committee) of the medical staff of the hospital furnishing such drugs and biologicals, (182)*for use in such hospital.*

"Provider of Services

"(182a)~~(u)~~ *(t)* The term 'provider of services' means a hospital, extended care facility, or home health agency.

"Reasonable Cost

"(182b)~~(v) (1)~~ *(u)(1)* The reasonable cost of any services shall be determined in accordance with regulations establishing the method or methods to be used, and the items to be included, in determining such costs for various types or classes of institutions, agencies, and services; except that in any case to which paragraph (2) or (3) applies, the amount of the payment determined under such paragraph with respect to the services involved shall be considered the reasonable cost of such services. In prescribing the regulations referred to in the preceding sentence, the

Secretary shall consider, among other things, the principles generally applied by national organizations or established prepayment organizations (which have developed such principles) in computing the amount of payment, to be made by persons other than the recipients of services, to providers of services on account of services furnished to such recipients by such providers. Such regulations may provide for determination of the costs of services on a per diem, per unit, per capita, or other basis, may provide for using different methods in different circumstances, may provide for the use of estimates of costs of particular items or services, and may provide for the use of charges or a percentage of charges where this method reasonably reflects the costs. Such regulations shall (A) take into account both direct and indirect costs of providers of services in order that, under the methods of determining costs, the costs with respect to individuals covered by the insurance programs established by this title will not be borne by individuals not so covered, and the costs with respect to individuals not so covered will not be borne by such insurance programs, and (B) provide for the making of suitable retroactive corrective adjustments where, for a provider of services for any fiscal period, the aggregate reimbursement produced by the methods of determining costs proves to be either inadequate or excessive.

"(2) (A) If the bed and board furnished as part of

inpatient hospital services (including inpatient tuberculosis hospital (183)~~services, inpatient psychiatric hospital services,~~ *services and inpatient psychiatric hospital services)* or post-hospital extended care services is in accommodations more expensive than semi-private accommodations, the amount taken into account for purposes of payment under this title with respect to such services may not exceed an amount equal to the reasonable cost of such services if furnished in such semi-private accommodations unless the more expensive accommodations were required for medical reasons.

"(B) Where a provider of services which has an agreement in effect under this title furnishes to an individual items or services which are in excess of or more expensive than the items or services with respect to which payment may be made under part A or part B, as the case may be, the Secretary shall take into account for purposes of payment to such provider of services only the equivalent of the reasonable cost of the items or services with respect to which such payment may be made.

"(3) If the bed and board furnished as part of inpatient hospital services (including inpatient tuberculosis hospital (184)~~services), inpatient psychiatric hospital services,~~ *services and inpatient psychiatric services)* or post-hospital extended care services is in accommodations other than, but not

more expensive than, semi-private accommodations and the use of such other accommodations rather than semi-private accommodations was neither at the request of the patient nor for a reason which the Secretary determines is consistent with the purposes of this title, the amount of the payment with respect to such bed and board under part A (185)~~or part B, as the case may be,~~ shall be the reasonable cost of such bed and board furnished in semi-private accommodations (determined pursuant to paragraph (1)) minus the difference between the charge customarily made by the hospital or extended care facility for bed and board in semi-private accommodations and the charge customarily made by it for bed and board in the accommodations furnished.

"(4) For purposes of this subsection, the term 'semi-private accommodations' means two-bed, three-bed, or four-bed accommodations.

"Arrangements for Certain Services

"(185a)~~(w)~~ *(v)* The term 'arrangements' is limited to arrangements under which receipt of payment by the hospital, extended care facility, or home health agency (whether in its own right or as agent), with respect to services for which and individual is entitled to have payment made under this title, discharges the liability of such individual or any other person to pay for the services.

"State and United States

"(185b) ~~(x)~~ *(w)* The terms 'State' and 'United States' have the meaning given to them by subsections (h) and (i), respectively, of section 210.

(186) *"Chiropractors' and Podiatrists' Services*

*"(x)(1) The term 'chiropractor' means an individual who is licensed under State law to practice as a chiropractor in the State; and the term 'chiropractors' services' means services performed by a chiropractor within the scope of his license.*

*"(2) The term 'podiatrist' means an individual who is licensed under State law to practice as a podiatrist in the State; and the term 'podiatrists' services' means services performed by a podiatrist within the scope of his license.*

"EXCLUSIONS FROM COVERAGE

"SEC. 1862. (a) Notwithstanding any other provision of this title, no payment may be made under part A or part B for any expenses incurred for items or services—

"(1) which are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member;

"(2) for which the individual furnished such items or services has no legal obligation to pay, and which no other person (by reason of such individual's membership

in a prepayment plan or otherwise) has a legal obligation to provide or pay for;

"(3) which are paid for directly or indirectly by a governmental entity (other than under this Act (187) *and other than under a health benefits or insurance plan established for employees of such an entity*), except in such cases as the Secretary may specify;

"(4) which are not provided within the United States (188)*(except for emergency inpatient hospital services furnished outside the United States under the conditions described in section 1814(f));*

"(5) which are required as a result of war, or of an act of war, occurring after the effective date of such individual's current coverage under such part;

"(6) which constitute personal comfort items;

"(7) where such expenses are for routine physical checkups, eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, hearing aids or examinations therefor, or immunizations;

"(8) where such expenses are for orthopedic shoes or other supportive devices for the feet;

"(9) where such expenses are for custodial care;

"(10) where such expenses are for cosmetic surgery or are incurred in connection therewith, except as required for the prompt repair of accidental injury or

for improvement of the functioning of a malformed body member; (189)~~or~~

"(11) where such expenses constitute charges imposed by immediate relatives of such individual or members of his (190)~~household.~~ *household; or*

(191)"*(12) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth.*

"(b) Payment under this title may not be made with respect to any item or service to the extent that payment has been made, or can reasonably be expected to be made (as determined in accordance with regulations), with respect to such item or service, under a workmen's compensation law or plan of the United States or a State. Any payment under this title with respect to any item or service shall be conditioned on reimbursement to the appropriate Trust Fund established by this title when notice or other information is received that payment for such item or service has been made under such a law or plan.

"CONSULTATION WITH STATE AGENCIES AND OTHER ORGANIZATIONS TO DEVELOP CONDITIONS OF PARTICIPATION FOR PROVIDERS OF SERVICES

"SEC. 1863. In carrying out his functions, relating to determination of conditions of participation by providers of services, under subsections (e) (8), (f) (4), (g) (4),

(j) (10), and (o) (5) of section 1861, the Secretary shall consult with the Health Insurance Benefits Advisory Council established by section 1867, appropriate State agencies, and recognized national listing or accrediting bodies, and may consult with appropriate local agencies. Such conditions prescribed under any of such subsections may be varied for different areas or different classes of institutions or agencies and may, at the request of a State, provide (192) ~~(subject, in the case of hospitals, to the limitation provided in section 1861 (e) (8))~~ higher requirements for such State than for other States (193); *except that, in the case of any State or political subdivision of a State which imposes higher requirements on institutions as a condition to the purchase of services in such institutions under a State plan approved under title I, XVI, or XIX, the conditions so prescribed with respect to such institutions in such State or political subdivision, as the case may be, may not be lower than the requirements so imposed by such State or political subdivision.*

"USE OF STATE AGENCIES TO DETERMINE COMPLIANCE BY PROVIDERS OF SERVICES WITH CONDITIONS OF PARTICIPATION

"SEC. 1864. (a) The Secretary shall make an agreement with any State which is able and willing to do so under which the services of the State health agency or other appropriate State agency (or the appropriate local agencies) will

be utilized by him for the purpose of determining whether an institution therein is a hospital or extended care facility, or whether an agency therein is a home health (194)~~agency~~ *agency, or whether a laboratory meets the requirements of paragraphs (10) and (11) of section 1861(s).* (195)~~To the extent that the Secretary finds it appropriate, an institution or agency which such a State (or local) agency certifies is a hospital, extended care facility, or home health agency (as those terms are defined in section 1861) may be treated as such by the Secretary.~~ *An institution or agency which such a State (or local) agency certifies is a hospital, extended care facility, or home health agency (as those terms are defined in section 1861) shall be treated as such by the Secretary: Provided, That in the event the Secretary determines that the hospital, facility, or agency is so inadequate as to endanger the life or health of the people it serves, gives notice of such determination to the certifying State agency, and provides an opportunity for hearing thereon to the State agency.* The Secretary may also, pursuant to agreement, utilize the services of State health agencies and other appropriate State agencies (and the appropriate local agencies) to do any one or more of the following: (1) to provide consultative services to institutions or agencies to assist them (A) to establish and maintain fiscal records necessary for purposes of this title, or otherwise to

qualify as hospitals, extended care facilities, or home health agencies, or (B) to provide information which may be necessary to permit determination under this title as to whether payments are due and the amounts thereof, and (2) to provide consultative services to institutions, agencies, or organizations to assist in the establishment of utilization review procedures meeting the requirements of section 1861 (k) and in evaluating their effectiveness.

"(b) The Secretary shall pay any such State, in advance or by way of reimbursement, as may be provided in the agreement with it (and may make adjustments in such payments on account of overpayments or underpayments previously made), for the reasonable cost of performing the functions specified in subsection (a), and for the Federal Hospital Insurance Trust Fund's fair share of the costs attributable to the planning and other efforts directed toward coordination of activities in carrying out its agreement and other activities related to the provision of services similar to those for which payment may be made under part A, or related to the facilities and personnel required for the provision of such services, or related to improving the quality of such services.

"EFFECT OF ACCREDITATION

"SEC. 1865. An institution shall be deemed to meet the requirements of the numbered paragraphs of section 1861 (e)

(except paragraph (6) thereof) if such institution is accredited as a hospital by the Joint Commission on (196)~~the~~ Accreditation of Hospitals. If such Commission, as a condition for accreditation of a hospital, requires a utilization review plan or imposes another requirement which serves substantially the same purpose, the Secretary is authorized to find that all institutions so accredited by the Commission comply also with section 1861 (e) (6). In addition, if the Secretary finds that accreditation of an institution or agency by the American Osteopathic Association or any other national accreditation body provides reasonable assurance that any or all of the conditions of section 1861 (e), (j), or (196a)~~(o)~~ *(n)*, as the case may be, are met, he may, to the extent he deems it appropriate, treat such institution or agency as meeting the condition or conditions with respect to which he made such finding.

"AGREEMENTS WITH PROVIDERS OF SERVICES

"SEC. 1866. (a) (1) Any provider of services shall be qualified to participate under this title and shall be eligible for payments under this title if it files with the Secretary an agreement—

"(A) not to charge, except as provided in paragraph (2), any individual or any other person for items or services for which such individual is entitled to have payment made under this title (or for which

he would be so entitled if such provider of services had complied with the procedural and other requirements under or pursuant to this title or for which such provider is paid pursuant to the provisions of section 1814(e) (197)~~or section 1835(e)~~), and

"(B) to make adequate provision for return (or other disposition, in accordance with regulations) of any moneys incorrectly collected from such individual or other person.

"(2)(A) A provider of services may charge such individual or other person (i) the amount of any deduction imposed pursuant to section 1813 (198)~~(a)(1) or (a)(2)~~ *(a)(1), (a)(2), or (a)(4)* or section 1833(b) with respect to such items and services (not in excess of the amount customarily charged for such items and services by such provider), and (ii) an amount equal to 20 per centum of the reasonable charges for such items and services (not in excess of 20 per centum of the amount customarily charged for such items and services by such provider) for which payment is made under part B (199)*or, in the case of outpatient hospital diagnostic services, for which payment is (or may be) made under part A*. In the case of items and services described in section 1833(c), clause (ii) of the preceding sentence shall be applied by substituting for 20 percent the proportion which is appropriate under such section.

"(B) Where a provider of services has furnished, at the request of such individual, items or services which are in excess of or more expensive than the items or services with respect to which payment may be made under this title, such provider of services may also charge such individual or other person for such more expensive items or services to the extent that the amount customarily charged by it for the items or services furnished at such request exceeds the amount customarily charged by it for the items or services with respect to which payment may be made under this title.

"(C) A provider of services may also charge any such individual for any whole blood furnished him with respect to which a deductible is imposed under section 1813(a)(3) (200) ~~or 833(d),~~ except that (i) any excess of such charge over the cost to such provider for the blood shall be deducted from any payment to such provider under this title, (ii) no such charge may be imposed for the cost of administration of such blood, and (iii) such charge may not be made to the extent such blood has been replaced on behalf of such individual or arrangements have been made for its replacement on his behalf.

"(b) An agreement with the Secretary under this section may be terminated—

"(1) by the provider of services at such time and upon such notice to the Secretary and the public as may be provided in regulations, except that notice of more than 6 months shall not be required, or

"(2) by the Secretary at such time and upon such reasonable notice to the provider of services and the public as may be specified in regulations, but only after the Secretary has determined (A) that such provider of services is not complying substantially with the provisions of such agreement, or with the provisions of this title and regulations thereunder, or (B) that such provider of services no longer substantially meets the applicable provisions of section 1861, or (C) that such provider of services has failed to provide such information as the Secretary finds necessary to determine whether payments are or were due under this title and the amounts thereof, or has refused to permit such examination of its fiscal and other records by or on behalf of the Secretary as may be necessary to verify such information.

Any termination shall be applicable—

"(3) in the case of inpatient hospital services (including inpatient tuberculosis hospital (201)~~services),~~ ~~inpatient psychiatric hospital services,~~ *services and inpatient psychiatric hospital services)*, post-hospital ex-

tended care services, with respect to such services furnished to any individual who is admitted to the hospital or extended care facility furnishing such services on or after the effective date of such termination,

"(4) (A) with respect to home health services furnished to an individual under a plan therefor established on or after the effective date of such termination, or (B) if a plan is established before such effective date, with respect to such services furnished to such individual after the calendar year in which such termination is effective, and

"(5) with respect to any other items and services furnished on or after the effective date of such termination.

"(c) Where an agreement filed under this title by a provider of services has been terminated by the Secretary, such provider may not file another agreement under this title unless the Secretary finds that the reason for the termination has been removed and that there is reasonable assurance that it will not recur.

"(d) If the Secretary finds that there is a substantial failure to make timely review in accordance with section 1861(k) of long-stay cases in a hospital or extended care facility, he may, in lieu of terminating his agreement with such hospital or facility, decide that, with respect to any

individual admitted to such hospital or facility after a subsequent date specified by him, no payment shall be made under this title for inpatient hospital services (including inpatient tuberculosis hospital ~~(202)services),~~ ~~or~~ ~~inpatient~~ ~~psychiatric~~ ~~hospital~~ ~~services,~~ *services and inpatient psychiatric hospital services)* after the 20th day of a continuous period of such services or for post-hospital extended care services after such day of a continuous period of such care as is prescribed in or pursuant to regulations, as the case may be. Such decision may be made effective only after such notice to the hospital, or (in the case of an extended care facility) to the facility and the hospital or hospitals with which it has a transfer agreement, and to the public, as may be prescribed by regulations, and its effectiveness shall terminate when the Secretary finds that the reason therefor has been removed and that there is reasonable assurance that it will not recur. The Secretary shall not make any such decision except after reasonable notice and opportunity for hearing to the institution or agency affected thereby.

"HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

"SEC. 1867. For the purpose of advising the Secretary on matters of general policy in the administration of this title and in the formulation of regulations under this title, there is hereby created a Health Insurance Benefits Advisory Council which shall consist of 16 persons, not otherwise in

the employ of the United States, appointed by the Secretary without regard to the civil service laws. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include persons who are outstanding in fields related to hospital, medical, and other health activities, and at least one person who is representative of the general public. Each member shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, four at the end of the first year, four at the end of the second year, four at the end of the third year, and four at the end of the fourth year after the date of appointment. A member shall not be eligible to serve continuously for more than 2 terms. The Secretary may, at the request of the Council or otherwise, appoint such special advisory professional or technical committees as may be useful in carrying out this title. Members of the Advisory Council and members of any such advisory or technical committee, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council or of such committee, shall be entitled to receive compensation at rates fixed by the Secretary, but

not exceeding $100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2) for persons in the Government service employed intermittently. The Advisory Council shall meet as frequently as the Secretary deems necessary. Upon request of 4 or more members, it shall be the duty of the Secretary to call a meeting of the Advisory Council.

"NATIONAL MEDICAL REVIEW COMMITTEE

"SEC. 1868. (a) There is hereby created a National Medical Review Committee (hereinafter in this section referred to as the 'Committee') which shall consist of nine persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. The Secretary shall from time to time appoint one of the members to serve as chairman. The members shall be selected from among individuals who are representative of organizations and associations of professional personnel in the field of medicine and other individuals who are outstanding in the field of medicine or in related fields; except that at least one member shall be representative of the general public, and at least a majority of the members shall be physicians. Each member shall hold office for a term of three

years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, and three at the end of the third year after the date of appointment. A member shall not be eligible to serve continuously for more than two terms.

"(b) Members of the Committee, while attending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

"(c) It shall be the function of the Committee to study the utilization of hospital and other medical care and services for which payment may be made under this title with a view to recommending any changes which may seem desirable in the way in which such care and services are

utilized or in the administration of the programs established by this title, or in the provisions of this title. The Committee shall make an annual report to the Secretary of the results of its study, including any recommendations it may have with respect thereto, and such report shall be transmitted promptly by the Secretary to the Congress.

"(d) The Committee is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Committee may require to carry out its functions.

"DETERMINATIONS; APPEALS

"SEC. 1869. (a) The determination of whether an individual is entitled to benefits under part A or part B, and the determination of the amount of benefits under part A, shall be made by the Secretary in accordance with regulations prescribed by him.

"(b) Any individual dissatisfied with any determination under subsection (a) as to entitlement under part A or part B, or as to amount of benefits under part A where the matter in controversy is (203) ~~$1,000~~ *$100* or more, shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and to judicial re-

view of the Secretary's final decision after such hearing as is provided in section 205 (g).

"(c) Any institution or agency dissatisfied with any determination by the Secretary that it is not a provider of services, or with any determination described in section 1866 (b) (2), shall be entitled to a hearing thereon by the Secretary (after reasonable notice and opportunity for hearing) to the same extent as is provided in section 205 (b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205 (g).

"OVERPAYMENTS ON BEHALF OF INDIVIDUALS

"SEC. 1870. (a) Any payment under this title to any provider of services (204) *or other persons* with respect to any items or services furnished any individual shall be regarded as a payment to such individual.

(205) ~~"(b) Where—~~

~~"(1) more than the correct amount is paid under this title to a provider of services or other person for items or services furnished an individual and the Secretary determines that, within such period as he may specify, the excess over the correct amount cannot be recouped from such provider of services or other person, or~~

~~"(2) any payment has been made under section~~

~~1814(c) or 1835(c) to a provider of services or other person for items or services furnished an individual, proper adjustments shall be made, under regulations prescribed (after consultation with the Railroad Retirement Board) by the Secretary, by decreasing subsequent payments—~~

~~"(3) to which such individual is entitled under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, or~~

~~"(4) if such individual dies before such adjustment has been completed, to which any other individual is entitled under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, with respect to the wages and self-employment income or the compensation constituting the basis of the benefits of such deceased individual under title II of such Act.~~

~~As soon as practicable after any adjustment under paragraph (3) or (4) is determined to be necessary, the Secretary, for purposes of this section, section 1817(g), and section 1834(f), shall certify (to the Railroad Retirement Board if the adjustment is to be made by decreasing subsequent payments under the Railroad Retirement Act of 1937) the amount of the overpayment as to which the adjustment is to be made.~~

*"(b) Where the Secretary finds that—*

*"(1) more than the correct amount of payment has been made under this title to a provider of services or other person for items or services furnished an individual and the Secretary determines that, within such period as he may specify, the excess over the correct amount cannot be recouped from such provider of services or other person, or*

*"(2) any payment has been made under section 1814(e) to a provider of services or other person for items or services furnished an individual,*

*proper adjustment or recovery shall be made with respect to the amount in excess of the correct amount, under regulations prescribed (after consultation with the Railroad Retirement Board) by the Secretary, by (A) decreasing any payment under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, to which such individual is entitled, or (B) requiring such individual or his estate to refund the amount in excess of the correct amount, or (C) decreasing any payment under title II of this Act or under the Railroad Retirement Act of 1937, as the case may be, payable to the estate of such individual or to any other person on the basis of the wages and self-employment income (or compensation) which were the basis of the payments to*

*such individual, or (D) by applying any combination of the foregoing. As soon as practicable after any such adjustment or recovery is determined to be necessary, the Secretary, for purposes of this section, section 1817(g), and section 1841 (f), shall certify (to the Railroad Retirement Board if the adjustment is to be made by decreasing subsequent payments under the Railroad Retirement Act of 1937) the amount of the overpayment as to which the adjustment or recovery is to be made.*

~~"(206)(c) There shall be no adjustment as provided in subsection (b) (nor shall there be recovery) in any case where the incorrect payment has been made (including payments under sections 1814(c) and 1835(c)) with respect to an individual who is without fault and where such adjustment (or recovery) would defeat the purposes of title II or would be against equity and good conscience.~~

*"(c) There shall be no adjustment as provided in subsection (b) of payments (including payments under section 1814(e)) to, or recovery as provided in such subsection by the United States from, any person who is without fault if such adjustment or recovery would defeat the purposes of title II of this Act or of the Railroad Retirement Act of 1937, as the case may be, or would be against equity and good conscience."*

"(d) No certifying or disbursing officer shall be held

liable for any amount certified or paid by him to any provider of services or other person where the adjustment or recovery of such amount is waived under subsection (c) or where adjustment under subsection (b) is not completed prior to the death of all persons against whose benefits such adjustment is authorized.

"REGULATIONS

"SEC. 1871. The Secretary shall prescribe such regulations as may be necessary to carry out the administration of the insurance programs under this title. When used in this title, the term 'regulations' means, unless the context otherwise requires, regulations prescribed by the Secretary.

"APPLICATION OF CERTAIN PROVISIONS OF TITLE II

"SEC. 1872. The provisions of sections 206, 208, and 216(j), and of subsections (a), (d), (e), (f), (h), (i), (j), (k), and (l) of section 205, shall also apply with respect to this title to the same extent as they are applicable with respect to title II.

"DESIGNATION OF ORGANIZATION OR PUBLICATION BY NAME

"SEC. 1873. Designation in this title, by name, of any nongovernmental organization or publication shall not be affected by change of name of such organization or publication, and shall apply to any successor organization or

publication which the Secretary finds serves the purpose for which such designation is made.

"ADMINISTRATION

"SEC. 1874. (a) Except as otherwise provided in this title, the insurance programs established by this title shall be administered by the Secretary. The Secretary may perform any of his functions under this title directly, or by contract providing for payment in advance or by way of reimbursement, and in such installments, as the Secretary may deem necessary.

"(b) The Secretary may contract with any person, agency, or institution to secure on a reimbursable basis such special data, actuarial information, and other information as may be necessary in the carrying out of his functions under this title.

"STUDIES AND RECOMMENDATIONS

"SEC. 1875. (a) The Secretary shall carry on studies and develop recommendations to be submitted from time to time to the Congress relating to health care of the aged, including studies and recommendations concerning (1) the adequacy of existing personnel and facilities for health care for purposes of the programs under parts A and B; (2) methods for encouraging the further development of efficient and economical forms of health care which are a constructive alternative to inpatient hospital care; (207)*and* (3) the

effects of the deductibles and coinsurance provisions upon beneficiaries, persons who provide health services, and the financing of the (208)~~program; and (4) the desirability of broadening or otherwise modifying the provisions of this title which authorize payment for additional days of post-hospital extended care services in cases where the number of days of inpatient hospital services in a spell of illness for which payment is made is less than the maximum number of days for which such payment could be made~~ *program.*

"(b) The Secretary shall make a continuing study of the operation and administration of the insurance programs under parts A and B, and shall transmit to the Congress annually a report concerning the operation of such (209)~~programs."~~ *programs.*

(210)*"(c) The Secretary shall make a study of methods and procedures that could be employed in providing payment under part B of this title for prescription drugs, including methods of assuring the high quality of drugs for which payment is made, methods of avoiding unnecessary utilization of drugs and methods of controlling costs. The Secretary shall transmit to the Congress, on or before June 30, 1966, a report of such study, including his recommendations as to the best approach to covering drug costs under part B and the feasibility of adopting this approach."*

(b) If—

(1) an individual was eligible to enroll under section 1937(c) of the Social Security Act before (211)~~April 1,~~ *October 1,* 1966, but failed to enroll before that date, and

(2) it is shown to the satisfaction of the Secretary of Health, Education, and Welfare that there was good cause for such failure to enroll before (212)~~April 1,~~ *October 1,* 1966,

such individual may enroll pursuant to this subsection at any time before (213)~~October 1, 1966~~ *April 1, 1967.* The determination of what constitutes good cause for purposes of the preceding sentence shall be made in accordance with regulations of the Secretary. In the case of any individual who enrolls pursuant to this subsection, the coverage period (within the meaning of section 1838 of the Social Security Act) shall begin on the first day of the 6th month after the month in which he so enrolls.

TRANSITIONAL PROVISION ON ELIGIBILITY OF PRESENTLY UNINSURED INDIVIDUALS FOR HOSPITAL INSURANCE BENEFITS

SEC. 103. (a) Anyone who—

(1) has attained the age of 65,

(2) (A) attained such age before 1968, or (B) has not less than 3 quarters of coverage (as defined in title II

of the Social Security Act or section 5 (l) of the Railroad Retirement Act of 1937), whenever acquired, for each calendar year elapsing after 1965 and before the year in which he attained such age,

(3) is not, and upon filing application for monthly insurance benefits under section 202 of the Social Security Act would not be, entitled to hospital insurance benefits under section 226 of such Act, and is not certifiable as a qualified railroad retirement beneficiary under section 21 of the Railroad Retirement Act of 1937 (as added by section 105 (a) of this Act),

(4) is a resident of the United States (as defined in section 210 (i) of the Social Security Act), and is (214) *(A)* a citizen of the United States or (215) ~~an individual~~ *(B) an alien lawfully admitted for permanent residence* who has resided in the United States (as so defined) continuously during the (216) ~~10 years~~ *6 months* immediately preceding the month in which he files application under this section, and

(5) has filed an application under this section in such manner and in accordance with such other requirements as may be prescribed in regulations of the Secretary,

shall (subject to the limitations in this section) be deemed,

solely for purposes of section 226 of the Social Security Act, to be entitled to monthly insurance benefits under such section 202 for each month, beginning with the first month in which he meets the requirements of this subsection and ending with the month in which he dies, or, if earlier, the month before the month in which he becomes (or upon filing application for monthly insurance benefits under section 202 of such Act would become) entitled to hospital insurance benefits under section 226 or becomes certifiable as a qualified railroad retirement beneficiary. An individual who would have met the preceding requirements of this subsection in any month had he filed application under paragraph (5) hereof before the end of such month shall be deemed to have met such requirements in such month if he files such application before the end of the twelfth month following such month. No application under this section which is filed by an individual (217)*more than 3 months be-*fore the first month in which he meets the requirements of paragraphs (1), (2), (3), and (4) shall be accepted as an application for purposes of this section.

(b) The provisions of subsection (a) shall not apply to any individual who—

(1) is, at the beginning of the first month in which he meets the requirements of subsection (a), a member

of any organization referred to in section 210 (a) (17) of the Social Security Act,

(2) has, prior to the beginning of such first month, been convicted of any offense listed in section 202 (u) of the Social Security Act, or

(3) (218)~~at the beginning of such first month,~~ is covered by an enrollment in a health benefits plan under the Federal Employees Health Benefits Act of (219)~~1959 or could have been so covered had he or some other individual availed himself of opportunities to enroll in a health benefits plan under such Act and (where the Federal employee has retired) to continue such enrollment after retirement.~~ *1959.*

(c) There are authorized to be appropriated to the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) from time to time such sums as the Secretary deems necessary (220)*for any fiscal year*, on account of—

(1) payments made (221)*or to be made during such fiscal year* from such Trust Fund under part A of title XVIII of such Act with respect to individuals who are entitled to hospital insurance benefits under section 226 of such Act solely by reason of this section,

(2) the additional administrative expenses resulting (222) *or expected to result* therefrom, and

(3) any loss in interest to such Trust Fund resulting from the payment of such amounts,

in order to place such Trust Fund in the same position (223) *at the end of such fiscal year* in which it would have been if the preceding subsections of this section had not been enacted.

SUSPENSION IN CASE OF ALIENS; PERSONS CONVICTED OF SUBVERSIVE ACTIVITIES

SEC. 104. (a) (1) Section 202 (t) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(9) No payments shall be made under part A of title XVIII with respect to items or services furnished to an individual in any month for which the prohibition in paragraph (1) against payment of benefits to him is applicable (or would be if he were entitled to any such benefits)."

(2) Section 202 (u) of such Act is amended by striking out "and" before the phrase "in determining the amount of any such benefit payable to such individual for any such month," and inserting after such phrase "and in determining whether such individual is entitled to insurance benefits under part A of title XVIII for any such month,".

(b) (1) No payments shall be made under part B of

title XVIII of the Social Security Act with respect to expenses incurred by an individual during any month for which such individual may not be paid monthly benefits under title II of such Act (or for which such monthly benefits would be suspended if he were otherwise entitled thereto) by reason of section 202 (t) of such Act (relating to suspension of benefits of aliens who are outside the United States).

(2) An individual who has been convicted of any offense under (224) ~~(1)~~ *(A)* chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or (225) ~~(2)~~ *(B)* section 4, 112, or 113 of the Internal Security Act of 1950, as amended, may not enroll under part B of title XVIII of the Social Security Act.

RAILROAD RETIREMENT AMENDMENTS

SEC. 105. (a) (1) The Railroad Retirement Act of 1937 is amended by adding after section 20 the following new section:

"HOSPITAL INSURANCE BENEFITS FOR THE AGED

"SEC. 21. For the purposes of part A of title XVIII of the Social Security Act, in order to provide hospital insurance benefits for annuitants, pensioners, and certain other aged individuals, the Board shall, upon request of the Secretary of Health, Education, and Welfare, certify to the

Secretary the name of any individual who has attained age 65 and who (1) is entitled to an annuity or pension under this Act, (2) would be entitled to such an annuity had he (i) ceased compensated service and (in the case of a spouse) had such spouse's husband or wife ceased compensated service and (ii) applied for such annuity, or (3) bears a relationship to an employee which, by reason of section 3 (e) of (226)~~such~~ *this* Act, has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivors. Such a certification shall include such additional information as may be necessary to carry out the provisions of part A of title XVIII of the Social Security Act, and shall become effective on the date of certification or on such earlier date not more than one year prior to the date of certification as the Board states that such individual first met the requirements for certification. The Board shall notify the Secretary of the date on which such individual no longer meets the requirements of this section."

(2) For purposes of section 21 of the Railroad Retirement Act of 1937 (and sections 1840, 1843, and 1870 of the Social Security Act), entitlement to an annuity or pension under the Railroad Retirement Act of 1937 shall be deemed to include entitlement under the Railroad Retirement Act of 1935.

(b) (1) Section 3201 of the Internal Revenue Code of

1954 (relating to rate of tax on employees under the Railroad Retirement Tax Act) is amended by striking out "the rate of the tax imposed with respect to wages by section 3101 at such time exceeds the rate provided by paragraph (2) of such section 3101 as amended by the Social Security Amendments of 1956" and inserting in lieu thereof "the rate of the tax imposed with respect to wages by section 3101 (a) at such time exceeds 2¾ percent (the rate provided by paragraph (2) of section 3101 as amended by the Social Security Amendments of 1956)".

(2) Section 3211 of such Code (relating to the rate of tax on employee representatives under the Railroad Retirement Tax Act) is amended by striking out "the rate of the tax imposed with respect to wages by section 3101 at such time exceeds the rate provided by paragraph (2) of such section 3101 as amended by the Social Security Amendments of 1956" and inserting in lieu thereof "the rate of the tax imposed with respect to wages by section 3101 (a) at such time exceeds 2¾ percent (the rate provided by paragraph (2) of section 3101 as amended by the Social Security Amendments of 1956)".

(3) Section 3221 (b) of such Code (relating to the rate of tax on employers under the Railroad Retirement Tax Act) is amended by striking out "the rate of the tax imposed with respect to wages by section 3111 at such time exceeds the

rate provided by paragraph (2) of such section 3111 as amended by the Social Security Amendments of 1956" and inserting in lieu thereof "the rate of the tax imposed with respect to wages by section 3111 (a) at such time exceeds 2¾ percent (the rate provided by paragraph (2) of section 3111 as amended by the Social Security Amendments of 1956)".

(4) The amendments made by this subsection shall be effective with respect to compensation paid for services rendered after December 31, 1965.

(c) For amendments preserving relationship between the railroad retirement and old-age, survivors, and disability insurance systems, see section 326 of this Act.

MEDICAL EXPENSE DEDUCTION

(227) ~~SEC. 106. (a) Subsection (a) of section 213 of the Internal Revenue Code of 1954 (relating to allowance of deduction) is amended to read as follows:~~

~~"(a) ALLOWANCE OF DEDUCTION. There shall be allowed as a deduction the following amounts, not compensated for by insurance or otherwise—~~

~~"(1) the amount by which the amount of the expenses paid during the taxable year (reduced by any amount deductible under paragraph (2)) for medical care of the taxpayer, his spouse, and dependents (as~~

~~defined in section 152) exceeds 3 percent of the adjusted gross income, and~~

~~"(2) an amount (not in excess of $250) equal to one-half of the expenses paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents."~~

~~(b) The second sentence of section 213(b) of such Code (relating to limitation with respect to medicine and drugs) is repealed.~~

(228)~~(c)~~ *SEC. 106. (a)* Section 213 (e) of (229)~~such Code~~ *the Internal Revenue Code of 1954* (relating to definitions) is amended by renumbering paragraph (2) as paragraph (4), and by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) The term 'medical care' means amounts paid—

"(A) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body,

"(B) for transportation primarily for and essential to medical care referred to in subparagraph (A), or

"(C) for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary

(230)~~health~~ *medical* insurance for the aged) covering medical care referred to in subparagraphs (A) and (B).

"(2) In the case of an insurance contract under which amounts are payable for other than medical care referred to in subparagraphs (A) and (B) of paragraph (1)—

"(A) no amount shall be treated as paid for insurance to which paragraph (1) (C) applies unless the charge for such insurance is (231)*either* separately stated in the contract, (232)*or furnished to the policyholder by the insurance company in a separate statement,*

"(B) the amount taken into account as the amount paid for such insurance shall not exceed such charge, and

"(C) no amount shall be treated as paid for such insurance if the amount specified in the contract (223)*(or furnished to the policyholder by the insurance company in a separate statement)* as the charge for such insurance is unreasonably large in relation to the total charges under the contract.

"(3) Subject to the limitations of paragraph (2), premiums paid during the taxable year by a taxpayer before he attains the age of 65 for insurance covering

medical care (within the meaning of subparagraphs (A) and (B) of paragraph (1)) for the taxpayer, his spouse, or a dependent after the taxpayer attains the age of 65 shall be treated as expenses paid during the taxable year for insurance which constitutes medical care if premiums for such insurance are payable (on a level payment basis) under the contract for a period of 10 years or more or until the year in which the taxpayer attains the age of 65 (but in no case for a period of less than 5 years)."

~~(234) (d) Section 213 (g) of such Code (relating to maximum limitation if taxpayer or spouse has attained age 65 and is disabled) is amended—~~

~~(1) by striking out "Has Attained Age 65 and" in the heading;~~

~~(2) by striking out "has attained the age of 65 before the close of the taxable year and" each place it appears in the text; and~~

~~(3) by striking out "have attained the age of 65 before the close of the taxable year and" in paragraph (1) (B).~~

*(b) Section 213 of such Code (relating to medical, dental, etc., expenses) is further amended—*

*(1) by striking out subsection (c) of such section; and*

*(2) by striking out paragraphs (1), (2), and (4) of subsection (g) of such section.*

(235) ~~(e)~~ *(c)* The amendments made by this section shall apply to taxable years beginning after December 31, 1966.

RECEIPTS FOR EMPLOYEES MUST SHOW TAXES SEPARATELY

SEC. 107. Section 6051 (c) of the Internal Revenue Code of 1954 (relating to additional requirements) is amended by adding at the end thereof the following new sentence: "The statements required under this section shall also show the proportion of the total amount withheld as tax under section 3101 which is for financing the cost of hospital insurance benefits under part A of title XVIII of the Social Security Act."

TECHNICAL AND ADMINISTRATIVE AMENDMENTS RELATING TO TRUST FUNDS

SEC. 108. (a) (1) Section 201 (a) (3) of the Social Security Act is amended by inserting "(other than sections 3101 (b) and 3111 (b))" after "chapter 21" each place it appears therein.

(2) Section 201 (a) (4) of such Act is amended by inserting "(other than section 1401 (b))" after "chapter 2" and after "such subchapter or chapter".

(3) Section 201 (g) (1) of such Act is amended to read as follows:

"(1) (A) There are authorized to be made available

for expenditure, out of any or all of the Trust Funds (which for purposes of this paragraph shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary (236)~~Health~~ *Medical* Insurance (237)~~Benefits~~ Trust Fund established by title XVIII), such amounts as the Congress may deem appropriate to pay the costs of the part of the administration of this title and title XVIII for which the Secretary of Health, Education, and Welfare is responsible. During each fiscal year or after the close of such fiscal year (or at both times), the Secretary of Health, Education, and Welfare shall analyze the costs of administration of this title and title XVIII during the appropriate part or all of such fiscal year in order to determine the portion of such costs which should be borne by each of the Trust Funds and shall certify to the Managing Trustee the amount, if any, which should be transferred among such Trust Funds in order to assure that each of the Trust Funds bears its proper share of the costs incurred during such fiscal year for the part of the administration of this title and title XVIII for which the Secretary of Health, Education, and Welfare is responsible. The Managing Trustee is authorized and directed to transfer any such amount (determined under the preceding sentence) among such Trust Funds in accordance with any certification so made.

"(B) The Managing Trustee is directed to pay from the

Trust Funds into the Treasury the amounts estimated by him which will be expended, out of moneys appropriated from the general funds in the Treasury, during each calendar quarter by the Treasury Department for the part of the administration of this title and title XVIII for which the Treasury Department is responsible and for the administration of chapters 2 and 21 of the Internal Revenue Code of 1954. Such payments shall be covered into the Treasury as repayment to the account for reimbursement of expenses incurred in connection with such administration of this title and title XVIII and chapters 2 and 21 of the Internal Revenue Code of 1954."

(4) Section 201 (g) (2) of such Act is amended by inserting after "the amount estimated by him as taxes" the following: "imposed under section 3101 (a)".

(5) Section 201 (h) of such Act is amended by inserting " (other than section 226) " after "this title".

(b) Section 218 (h) (1) of such Act is amended by striking out "Trust Funds in the ratio in which amounts are appropriated to such Funds pursuant to subsections (a) (3) and (b) (1) of section 201" and inserting in lieu thereof "Trust Funds and the Federal Hospital Insurance Trust Fund in the ratio in which amounts are appropriated to such Funds pursuant to subsection (a) (3) of section 201, subsec-

tion (b) (1) of such section, and subsection (a) (1) of section 1817, respectively".

(c) Section 1106 (b) of such Act is amended by striking out "and the Federal Disability Insurance Trust Fund" and inserting in lieu thereof ", the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary (238)~~Health~~ *Medical* Insurance (239)~~Benefits~~ Trust Fund".

ADVISORY COUNCIL ON SOCIAL SECURITY

SEC. 109. (a) Title VII of the Social Security Act is amended by adding at the end thereof the following new section:

"ADVISORY COUNCIL ON SOCIAL SECURITY

"SEC. 706. (a) (240)*As soon as practicable after enactment of this section, the Secretary shall appoint an Advisory Council on Social Security for the purposes set forth in subsection (c).* During 1968 and every fifth year thereafter, the Secretary shall appoint an Advisory Council on Social Security for the the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary (241)~~Health~~ *Medical* Insurance (242) ~~Benefits~~ Trust Fund in relation to the long-term commitments of the

old-age, survivors, and disability insurance program and the programs under parts A and B of title XVIII, and of reviewing the scope of coverage and the adequacy of benefits under, and all other aspects of, these programs, including their impact on the public assistance programs under this Act.

"(b) Each such Council shall consist of the Commissioner of Social Security, as Chairman, and 12 other persons, appointed by the Secretary without regard to the civil service laws. The appointed members shall, to the extent possible, represent organizations of employers and employees in equal numbers, and represent self-employed persons and the public.

"(c) (1) Any Council appointed hereunder is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to such Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

"(2) Appointed members of any such Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $100 per day and, while so serving away from

their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government employed intermittently.

"(d) Each such Council (243)*(other than the Council appointed under the first sentence of subsection (a))* shall submit reports of its findings and recommendations to the Secretary not later than January 1 of the second year after the year in which it is appointed, and such reports and recommendations shall thereupon be transmitted to the Congress and to the Board of Trustees of each of the Trust Funds. The reports required by this subsection shall include—

"(1) a separate report with respect to the old-age, survivors, and disability insurance program under title II and of the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954,

"(2) a separate report with respect to the hospital insurance program under part A of title XVIII and of the taxes imposed by sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954, and

"(3) a separate report with respect to the supplementary (244)~~health~~ *medical* insurance (245)~~benefits~~

program established by part B of title XVIII and of the financing thereof.

After the date of the transmittal to the Congress of the reports required by this subsection, the Council shall cease to (246) ~~exist."~~ *exist.*

(247) *"(e) The Council appointed under the first sentence of subsection (a) shall make a comprehensive study of nursing home and other extended care facilities in relation to extended care services under the insurance program under part A of title XVIII, including the availability of such facilities and the types and quality of care provided in such facilities, and shall report its findings and make recommendations based thereon with a view to action necessary to make maximum use of such services and facilities to provide high quality care in extended care facilities under such program. Such Council shall make its report to the Secretary not later than one year after the date of enactment of this section, which report shall thereupon be transmitted to the Congress, and thereafter such Council shall cease to exist."*

(b) Effective January 1, 1966, section 116 (e) of the Social Security Amendments of 1956 is repealed.

MEANING OF TERM "SECRETARY"

SEC. 110. As used in this Act, and in the provisions of the Social Security Act amended by this Act, the term "Sec-

retary", unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

(248) *ADMINISTRATION OF HOSPITAL INSURANCE FOR THE AGED BY THE RAILROAD RETIREMENT BOARD*

*SEC. 111. (a)(1) Section 226(a) of the Social Security Act is amended by striking out "or is a qualified railroad retirement beneficiary".*

*(2) Section 226(b)(2) of such Act is amended to read as follows:*

*"(2) an individual shall be deemed to be entitled to monthly insurance benefits under section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month".*

*(3) Section 226(c) of such Act is repealed, and subsection (d) of such section 226 is redesignated as subsection (c).*

*(4) Section 1811 of such Act is amended by striking out "or under the railroad retirement system".*

*(5) Subsections (a)(2) and (b)(2) of section 1813 of such Act are amended by striking out "section 226" and inserting in lieu thereof "section 226 or under the Railroad Retirement Act of 1937".*

*(6) Section 1817(g) of such Act is amended by striking out the last sentence and also by striking out "(other than the*

*amounts so certified to the Railroad Retirement Board)" in the first sentence.*

*(7) Section 1841(f) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "There shall be transferred periodically (but not less often than once each fiscal year) to the Trust Fund from the Railroad Retirement Account amounts equivalent to the amounts not previously so transferred which have been recovered under subsection (g) of section 21 of the Railroad Retirement Act of 1937."*

*(8) Section 1870(b) of such Act is amended by striking out "(after consultation with the Railroad Retirement Board)"; "(or compensation)"; "(to the Railroad Retirement Board if the adjustment is to be made by decreasing subsequent payments under the Railroad Retirement Act of 1937)"; and "or under the Railroad Retirement Act of 1937, as the case may be," wherever such phrase appears in such subsection.*

*(9) Section 1870(c) of such Act is amended by striking out "or of the Railroad Retirement Act of 1937, as the case may be,".*

*(10) The first sentence of section 1874(a) of such Act is amended to read as follows: "Except as otherwise provided in this title and in the Railroad Retirement Act of 1937, the*

*insurance programs established by this title shall be administered by the Secretary."*

*(b)(1) Section 103(a)(3) of the Health Insurance for the Aged Act is amended to read as follows:*

*"(3) is not, and upon filing application for monthly insurance benefits under section 202 of the Social Security Act would not be, entitled to hospital insurance benefits under section 226 of such Act, and does not meet the requirements set forth in section 21(b) of the Railroad Retirement Act of 1937,".*

*(2) So much of the first sentence of section 103(a) of such Act as follows clause (5) is amended by striking out "becomes certifiable as a railroad retirement beneficiary" and inserting in lieu thereof the following: "meets the requirements set forth in section 21(b) of the Railroad Retirement Act of 1937".*

*(c)(1) Section 21 of the Railroad Retirement Act of 1937 is amended to read as follows:*

*"SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for hospital insurance benefits consisting of inpatient hospital services, post-hospital ex-*

*tended care services, home health services, and outpatient hospital diagnostic services (all hereinafter referred to as 'services') within the meaning of section 226, and parts A and C of title XVIII, of the Social Security Act as the Secretary of Health, Education, and Welfare has under such section and such parts with respect to individuals to whom such section and such parts apply. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for the services referred to in the next preceding sentence shall be the same as those of individuals to whom section 226, and part A of title XVIII, of the Social Security Act apply and this section shall be administered by the Board as if the provisions of such section and such part A were applicable, as if references to the Secretary of Health, Education, and Welfare were to the Board, as if references to the Federal Hospital Insurance Trust Fund were to the Railroad Retirement Account, as if references to the United States or a State included Canada or a subdivision thereof, and as if the provisions of sections 1862(a)(4), 1863, 1867, 1868, 1874(b), and 1875 of such title XVIII were not included in such title. For purposes of section 11, a determination with respect to the rights of an individual under this section shall, except in the case of a provider of services, be considered to be a decision with respect to an annuity.*

*"(b) Except as otherwise provided in this section, every individual who—*

*"(A) has attained age 65, and*

*"(B)(i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service and, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under section 6, or (iv) bears a relationship to an employee which, by reason of section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,*

*shall be entitled to have payment made for the services referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for services herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under section 10(b) in making payment of other benefits) to the hospital, extended care facility, or home health agency providing such services, including such services provided in Canada to individuals to whom this subsection applies, but only to the extent that the amount of payments for services otherwise hereunder provided for an individual exceeds the amount payable for like services*

*provided pursuant to the law in effect in the place in Canada where such services are furnished. For the purposes of this section, an individual shall be entitled to have payment made for the services referred to in subsection (a) provided during the month in which he died if he would be entitled to have payment for services provided during such month had he died in the next month.*

*"(c) No individual shall be entitled to have payment made for the same services, which are provided for in this section, under both (i) this section and (ii) section 226, and part A of title XVIII, of the Social Security Act, and no individual shall be entitled to have payment made under both (i) this section and (ii) section 226, and part A of title XVIII, of the Social Security Act for more than would be payable if he were qualified only under the provisions described in clause (i) or only under the provisions described in clause (ii). In any case in which an individual would, but for the preceding sentence, be entitled to have payment made under both the provisions described in clause (i) and the provisions described in clause (ii) in such preceding sentence, payment for such services to which such individual would be entitled shall be made in accordance with the procedures established pursuant to the next succeeding sentence, upon certification by the Board or by the Secretary of Health, Education, and Welfare. It shall be the duty of the*

*Board and such Secretary with respect to such cases jointly to establish procedures designed to minimize duplications of requests for payment for such services, and of determinations, and to assign administrative functions between them so as to promote the greatest facility, efficiency, and consistency of administration of this section and section 226, and part A of title XVIII, of the Social Security Act; and subject to the provisions of this subsection to assure that the rights of individuals under this section or section 226, and part A of title XVIII, of the Social Security Act shall not be impaired or diminished by reason of the administration of this section and section 226, and part A of title XVIII, of the Social Security Act. The procedures so established may be included in regulations issued by the Board and by the Secretary of Health, Education, and Welfare to implement this section and such section 226, and part A of title XVIII, respectively.*

*"(d) Any agreement entered into by the Secretary of Health, Education, and Welfare pursuant to part A or part C of title XVIII of the Social Security Act shall be entered into on behalf of both such Secretary and the Board. The preceding sentence shall not be construed to limit the authority of the Board to enter on its own behalf into any such agreement relating to services provided in Canada or in any facility devoted primarily to railroad employees.*

*"(e) A request for payment for services filed under this section shall be deemed to be a request for payment for services filed as of the same time under section 226, and part A of title XVIII, of the Social Security Act, and a request for payment for services filed under such section 226 and such part shall be deemed to be a request for payment for services filed as of the same time under this section.*

*"(f) The Board and the Secretary of Health, Education, and Welfare shall furnish each other with such information, records, and documents as may be considered necessary to the administration of this section or section 226, and part A of title XVIII, of the Social Security Act.*

*"(g) Any payment to any provider of services or other person (covered by this section or part B of title XVIII of the Social Security Act) with respect to items or services furnished any individual who meets the requirements of subsection (b) of this section shall be governed, to the extent applicable, and as if references to the Secretary were references to the Board, by the provisions of section 1870 of the Social Security Act and treated for the purposes of section 9 of this Act, as if it were a payment of an annuity or pension, except that any recovery of overpayment under part B of title XVIII of the Social Security Act shall be transferred to the Federal Supplementary Medical Insurance Trust Fund.*

*"(h) For purposes of this section (and sections 1840, 1843, and 1870 of the Social Security Act), entitlement to an annuity or pension under this Act shall be deemed to include entitlement under the Railroad Retirement Act of 1935.*

*"(i) There are authorized to be appropriated to the Railroad Retirement Account from time to time such sums as the Board finds sufficient to cover—*

*"(1) the costs of payments made from such account under this section,*

*"(2) the additional administrative expenses resulting from such payments, and*

*"(3) any loss of interest to such account resulting from such payments,*

*in cases where such payments are not includible in determinations under section 5(k)(2)(A)(iii) of this Act, provided such payments could have been made as a result of section 103 of the Health Insurance for the Aged Act but for eligibility under subsection (b) of this section."*

*(2) Section 5(k)(2) of such Act is amended—*

*(A) by striking out subparagraphs (A) and (B) and redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively;*

*(B) by striking out the second sentence and the last sentence of subdivision (i) of the subparagraph redesignated as subparagraph (A) by subparagraph*

*(A) of this paragraph; and by striking out from the said subdivision (i) "the Retirement Account" and inserting in lieu thereof "the Railroad Retirement Account (hereinafter termed 'Retirement Account')";*

*(C) by adding at the end of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph the following new subdivision:*

*"(iii) At the close of the fiscal year ending June 30, 1966, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which, if added to or subtracted from the Federal Hospital Insurance Trust Fund, would place such fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. Such determination shall be made no later than June 15 following the close of the fiscal year. If such amount is to be added to the Federal Hospital Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Hospital Insurance Trust*

*Fund; if such amount is to be subtracted from the Federal Hospital Insurance Trust Fund the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Hospital Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined under subparagraph (B) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification;"*

*(D) by striking out "subparagraph (D)" where it appears in the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph, and inserting in lieu thereof "subparagraph (B)";*

*(E) by striking out "subparagraphs (B) and (C)" where it appears in the subparagraph redesignated as subparagraph (B) by subparagraph (A) of this paragraph and inserting in lieu thereof "subparagraph (A)"; and*

*(F) by amending the subparagraph redesignated as subparagraph (C) by subparagraph (A) of this paragraph to read as follows:*

*"(C) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and*

*Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund from the Retirement Account or to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraph (A), and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the Retirement Account or from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund."*

*(d)(1) Section 3201 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under the Railroad Retirement Tax Act) is amended by striking out "section 3101(a)" and inserting in lieu thereof "section 3101(a) plus the rate imposed by section 3101(b)".*

*(2) Section 3211 of such Code (relating to the rate of tax on employee representatives under the Railroad Retirement Tax Act) is amended by striking out "section 3101(a)" and inserting in lieu thereof "section 3101(a) plus the rate imposed by section 3101(b)".*

*(3) Section 3221(b) of such Code (relating to the rate of tax on employers under the Railroad Retirement Tax Act) is amended by striking out "section 3111(a)" and inserting in lieu thereof "section 3111(a) plus the rate imposed by section 3111(b)".*

*(4) Section 1401(b) of such Code (relating to the rate of tax under the Self-Employment Contributions Act) is amended by striking out the last sentence.*

*(5) Section 3101(b) of such Code (relating to the rate of tax on employees under the Federal Insurance Contributions Act) is amended by striking out ", but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees".*

*(6) Section 3111(b) of such Code (relating to the rate of tax on employers under the Federal Insurance Contributions Act) is amended by striking out ", but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees".*

*(e)(1) The amendments made by the preceding provisions of this section shall become effective January 1, 1966, if the requirement in paragraph (2) with respect to such date has been met. If such requirement has not been met with respect to January 1, 1966, such amendments shall become effective on the first January 1 thereafter with respect to which such requirement has been met.*

*(2) The requirement referred to in paragraph (1) shall be deemed to have been met with respect to any January 1 if, as of the October 1 immediately preceding such January 1, the Railroad Retirement Tax Act provides that the maximum amount of monthly compensation taxable under such Act for the following January will be an amount equal to or in excess of one-twelfth of the maximum wages which the Federal Insurance Contributions Act provides may be counted for the calendar year beginning on the first day of such following January.*

(249) *ADDITIONAL UNDER SECRETARY AND ASSISTANT SECRETARIES OF HEALTH, EDUCATION, AND WELFARE*

*SEC. 112. (a) There shall be in the Department of Health, Education, and Welfare an additional Under Secretary of Health, Education, and Welfare who shall be appointed by the President, by and with the advice and consent of the Senate, shall perform such duties as the Secretary of Health, Education, and Welfare may prescribe, and shall serve as Secretary during the absence or disability of the Secretary and the Under Secretary now provided for, in accordance with directives of the Secretary.*

*(b) There shall be in the Department of Health, Education, and Welfare, in addition to the Assistant Secretaries otherwise provided by law, two Assistant Secretaries of Health, Education, and Welfare who shall be appointed by*

*the President, by and with the advice and consent of the Senate. The provisions of section 2 of the Reorganization Plan Numbered 1 of 1953 (67 Stat. 631) shall be applicable to such additional Assistant Secretaries to the same extent as they are applicable to the Assistant Secretaries authorized by such section.*

*(c) The rate of compensation of such additional Under Secretary and Assistant Secretaries shall be the same as that applicable to the Under Secretary and Assistant Secretaries, respectively, whose positions are established by section 2 of such reorganization plan.*

## PART 2—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

### ESTABLISHMENT OF PROGRAMS

SEC. 121. (a) The Social Security Act is amended by adding at the end thereof (after the new title XVIII added by section 102) the following new title:

## "TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

### "APPROPRIATION

"SEC. 1901. For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or permanently and

totally disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for medical assistance.

"STATE PLANS FOR MEDICAL ASSISTANCE

"SEC. 1902. (a) A State plan for medical assistance must—

"(1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State equal to not less than 40 per centum of the non-Federal share of the expenditures under the plan with respect to which payments under section 1903 are authorized by this title; and, effective July 1, 1970, provide for financial participation by the State equal to all of such non-Federal share (250) *or provide for distribution of funds from Federal or State sources, for carrying out*

*the State plan, on an equalization or other basis which will assure that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan;*

"(3) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical assistance under the plan is denied or is not acted upon with reasonable promptness;

"(4) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods, and including provision for utilization of professional medical personnel in the administration and, where administered locally, supervision of administration of the plan) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

(251)"~~(5) provide that the State agency administering or supervising the administration of the plan of such State approved under title I, or under title XVI (insofar as it relates to the aged), shall administer or supervise the administration of the plan for medical assist-~~

~~ance; and that any local agency administering the plan of such State approved under title I, or under title XVI (insofar as it relates to the aged), in a political subdivision, shall administer the plan for medical assistance in such subdivision;~~

*"(5) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan, except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged);*

"(6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

"(8) provide that all individuals wishing to make application for medical assistance under the plan shall

have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

"(9) (252)*(A)* provide for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for private or public institutions in which recipients of medical assistance under the plan may receive care or services; (253)*and*

(254)*"(B) provide that, after June 30, 1967, the requirements under the standards established and maintained by such authority or authorities shall include any requirements which may be contained in standards established by the Secretary relating to protection against fire and other hazards to the health and safety of individuals in such private or public institutions;*

"(10) provide for making medical assistance available to all individuals receiving aid or assistance under State plans approved under titles I, IV, X, XIV, and XVI; and—

"(A) provide that (255)*(except as to care and services described in paragraph (4) or (14) of section 1905(a))* the medical assistance made available to individuals receiving aid or assistance under any such State plan—

"(i) shall not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such State plan, and

"(ii) shall not be less in amount, duration, or scope than the medical (256)~~assistance~~ *or remedial care and services* made available to individuals not receiving aid or assistance under any such plan; and

"(B) if medical (257)~~assistance is~~ *or remedial care and services are* included for any group of individuals who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate, as determined in accordance with standards prescribed by the Secretary, provide (258)*(except as to care and services described in parapragh (4) or (14) of section 1905 (a))*—

"(i) for making medical (259)~~assistance~~ *or remedial care and services* available to all individuals who would, if needy, be eligible for aid or assistance under any such State plan and who have insufficient (as determined in accordance with comparable standards) income and

resources to meet the costs of necessary medical (260)*or remedial* care and services, and

"(ii) that the medical (261)~~assistance~~ *or remedial care and services* made available to all individuals not receiving aid or assistance under any such State plan shall be equal in amount, duration, and scope;

"(11) provide for entering into cooperative arrangements with the State agencies responsible for administering or supervising the administration of health services and vocational rehabilitation services in the State looking toward maximum utilization of such services in the provision of medical assistance under the plan;

"(12) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

"(13) provide for inclusion of some institutional and some noninstitutional care and services, and, effective July 1, 1967, provide (A) for inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and (B) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;

"(14) provide that (A) no deduction, cost sharing, or similar charge will be imposed under the plan on the individual with respect to inpatient hospital services furnished him under the plan, and (B) any deduction, cost sharing, or similar charge imposed under the plan with respect to any other medical assistance furnished him thereunder, and any enrollment fee, premium, or similar charge imposed under the plan, shall be reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to the recipient's income or his income and resources;

"(15) in the case of eligible individuals 65 years of age or older who are covered by either or both of the insurance programs established by title XVIII, provide—

"(A) for meeting the full cost of any deductible imposed with respect to any such individual under the insurance program established by part A of such title; and

"(B) where, under the plan, all of any deductible, cost sharing, or similar charge imposed with respect to any such individual under the insurance program established by part B of such title is not met, the portion thereof which is met shall

be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or his income and resources;

"(16) provide for inclusion, to the extent required by regulations prescribed by the Secretary, of provisions (conforming to such regulations) with respect to the furnishing of medical assistance under the plan to individuals who are residents of the State but are absent therefrom;

"(17) include reasonable standards (which shall be comparable for all groups) for determining eligibility for and the extent of medical assistance under the plan which (A) are consistent with the objectives of this title, (B) provide for taking into account only such income and resources as are, as determined in accordance with standards prescribed by the Secretary, available to the applicant or recipient and (in the case any applicant or recipient who would, if he me requirements as to need, be eligible for aid or assista in the form of money payments under a State plan approved under title I, IV, X, XIV, or XVI) as would not be disregarded (or set aside for future needs) in determining his eligibility for and amount of such aid or assistance under such plan, (C) provide for reason-

able evaluation of any such income or resources, and (D) do not take into account the financial responsibility of any individual for any applicant or recipient of assistance under the plan unless such applicant or recipient is such individual's spouse or such individual's child who is under age 21 or is blind or permanently and totally disabled; and provide for flexibility in the application of such standards with respect to income by taking into account, except to the extent prescribed by the Secretary, the costs (whether in the form of insurance premiums or otherwise) incurred for medical care or for any other type of remedial care recognized under State law;

"(18) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, in the case of an individual who was 65 years of age or older when he received such assistance, from his estate, and then only after the death of his surviving spouse, if any, and only at a time when he has no surviving child who is under age 21 or is blind or permanently and totally disabled) of any medi-

cal assistance correctly paid on behalf of such individual under the plan;

"(19) provide such safeguards as may be necessary to assure that eligibility for care and services under the plan will be determined, and such care and services will be provided, in a manner consistent with simplicity of administration and the best interests of the recipients;

"(20) if the State plan includes medical assistance in behalf of individuals 65 years of age or older who are patients in institutions for (262)~~tuberculosis or~~ mental diseases—

"(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases (263)~~or tuberculosis (as the case may be)~~, and, where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of care, arrangements providing assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

"(B) provide for an individual plan for each

such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be a periodical determination of his need for continued treatment in the institution;

"(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services referred to in section 3 (a) (4) (A) (i) and (ii) or section 1603 (a) (4) (A) (i) and (ii) which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

"(D) provide methods of determining the reasonable cost of institutional care for such patients; (264) ~~and~~

"(21) if the State plan includes medical assistance

in behalf of individuals 65 years of age or older who are patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes, and other alternatives to care in public institutions for mental (265)~~diseases.~~ *diseases;*

(266)*"(22) include descriptions of (A) the kinds and numbers of professional medical personnel and supporting staff that will be used in the administration of the plan and of the responsibilities they will have, (B) the standards, for private or public institutions in which recipients of medical assistance under the plan may receive care or services, that will be utilized by the State authority or authorities responsible for establishing and maintaining such standards, (C) the cooperative arrangements with State health agencies and State vocational rehabilitation agencies entered into with a view to maximum utilization of and coordination of the provision of medical assistance with the services administered or supervised by such agencies, and (D) other standards and methods that the State will use to assure that medical or remedial care and services provided to recipients of medical assistance are of high quality; and*

(267)*(23) provide that any individual entitled to medical assistance may obtain such medical assistance from any institution, agency, or person qualified to perform the service or services required who undertakes to provide him such services.*

Notwithstanding paragraph (5), if on January 1, 1965, and on the date on which a State submits its plan for approval under this title, the State agency which administered or supervised the administration of the plan of such State approved under title X (or title XVI, insofar as it relates to the blind) was different from the State agency which administered or supervised the administration of the State plan approved under title I (or title XVI, insofar as it relates to the aged), the State agency which administered or supervised the administration of such plan approved under title X (or title XVI, insofar as it relates to the blind) may be designated to administer or supervise the administration of the portion of the State plan for medical assistance which relates to blind individuals and ~~the~~ *a different* State which relates to blind individuals and (268)~~the~~ *a different* State agency (269)~~which administered or supervised the administration of such plan approved under title I (or title XVI, insofar as it relates to the aged)~~ may be established or designated to administer or supervise the administration of the rest of the State plan for medical assistance; and in such case

the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title (except for purposes of paragraph (10)).

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for medical assistance under the plan—

"(1) an age requirement of more than 65 years; or

"(2) effective July 1, 1967, any age requirement which excludes any individual who has not attained the age of 21 and is or would, except for the provisions of section 406(a)(2), be a dependent child under title IV; or

"(3) any residence requirement which excludes any individual who resides in the State; or

"(4) any citizenship requirement which excludes any citizen of the United States.

"(c) Notwithstanding subsection (b), the Secretary shall not approve any State plan for medical assistance if he determines that the approval and operation of the plan will result in a reduction in aid or assistance (other than so much of the aid or assistance as is provided for under the plan of the State approved under this title) provided for eligible in-

dividuals under a plan of such State approved under title I, IV, X, XIV, or XVI.

"PAYMENT TO STATES

"SEC. 1903. (a) From the sums appropriated therefor, the Secretary (except as otherwise provided in this section and section 1117) shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing January 1, 1966—

"(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the total amount expended during such quarter as medical assistance under the State plan (including expenditures for premiums under part B of title XVIII, for individuals who are recipients of money payments under a State plan approved under title I, IV, X, XIV, or XVI, and other insurance premiums for medical or any other type of remedial care or the cost thereof); plus

"(2) an amount equal to 75 per centum of so much of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) as are attributable to compensation (270) *or training* of skilled professional medical personnel, and staff directly supporting such personnel, of the State agency (or of the local agency ad-

ministering the State plan in the political subdivision); plus

"(3) an amount equal to 50 per centum of the remainder of the amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan.

"(b) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for (271) ~~tuberculosis or~~ mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures from Federal, State, and local sources for mental health services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of

the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection.

"(c) (1) If the Secretary finds, on the basis of satisfactory information furnished by a State, that the Federal medical assistance percentage for such State applicable to any quarter in the period beginning January 1, 1966, and ending with the close of June 30, 1969, is less than 105 per centum of the Federal share of medical expenditures by the State during the fiscal year ending June 30, 1965 (as determined under paragraph (2)), then 105 per centum of such Federal share shall be the Federal medical assistance percentage (instead of the percentage determined under section 1905(b)) for such State for such quarter and each quarter thereafter occurring in such period and prior to the first quarter with respect to which such a finding is not applicable.

"(2) For purposes of paragraph (1), the Federal share of medical expenditures by a State during the fiscal year ending June 30, 1965, means the percentage which the excess of—

"(A) the total of the amounts determined under sections 3, 403, 1003, 1403, and 1603 with respect to expenditures by such State during such year as aid or assistance under its State plans approved under titles I, IV, X, XIV, and XVI, over

"(B) the total of the amounts which would have been determined under such sections with respect to such expenditures during such year if expenditures as aid or assistance in the form of medical or any other type of remedial care had not been counted,

is of the total expenditures as aid or assistance in the form of medical or any other type of remedial care under such plans during such year.

"(d) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections (a), (b), and (c) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsections, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which

the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

"(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to medical assistance furnished under the State plan shall be considered an overpayment to be adjusted under this subsection.

"(4) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"(e) The Secretary shall not make payments under the preceding provisions of this section to any State unless the State makes a satisfactory showing that it is making efforts in the direction of broadening the scope of the care and services made available under the plan and in the direction of liberalizing the eligibility requirements for medical assistance, with a view toward furnishing (272)~~by July 1, 1975,~~ *(on or be-*

*fore the first day of the calendar quarter following the 40-calendar quarter period beginning with the first calendar quarter for which the plan is effective)* comprehensive care and services to substantially all individuals who meet the plan's eligibility standards with respect to income and resources, including services to enable such individuals to attain or retain independence or self-care.

"OPERATION OF STATE PLANS

"SEC. 1904. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1902; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"DEFINITIONS

"SEC. 1905. For purposes of this title—

"(a) The term 'medical assistance' means payment of part or all of the cost of the following care and services (if provided in or after the third month before the month in which the recipient makes application for assistance) for individuals who (273)~~, except for section 406(a)(2), are (or would, if needy, be) dependent children under title IV (and~~ are under the age of (274)~~21)~~ *21* or who are relatives specified in section 406(b)(1) with whom such children are living, or who are 65 years of age or older, are blind, or are 18 years of age or older and permanently and totally disabled, but whose income and resources are insufficient to meet all of such cost—

"(1) inpatient hospital services (275)*(other than services in an institution for tuberculosis or mental diseases)*;

"(2) outpatient hospital services;

"(3) other laboratory and X-ray services;

"(4) skilled nursing home services (276)*(other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older and dental services for individuals under the age of 21*;

"(5) physicians' services, whether furnished in the office, the patient's home, a hospital, or a skilled nursing home, or elsewhere;

"(6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;

"(7) home health care services;

"(8) private duty nursing services;

"(9) clinic services;

"10) (277)~~dental services;~~ *skilled nursing home services and dental services for other individuals;*

"(11) physical therapy and related services;

"(12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;

"(13) other diagnostic, screening, preventive, and rehabilitative services; (278)~~and~~

(279)*"(14) inpatient hospital services and skilled nursing home services in an institution for tuberculosis or mental diseases; and*

"(280)~~(14)~~ *(15)* any other medical care, and any

other type of remedial care recognized under State law, specified by the Secretary;

except that such term does not include—

"(A) any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution); or

"(B) any such payments with respect to care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.

"(b) The term 'Federal medical assistance percentage' for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 45 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) the Federal medical assistance percentage shall in no case be less than 50 per centum or more than 83 per centum, and (2) the Federal medical assistance percentage for Puerto Rico, the Virgin Islands, and Guam shall be 55 per centum. The Federal medical assistance percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (B) of section 1101 (a) (8); except that the

Secretary shall promulgate such percentage as soon as possible after the enactment of this title, which promulgation shall be conclusive for each of the six quarters in the period beginning January 1, 1966, and ending with the close of June 30, 1967."

(b) No payment may be made to any State under title I, IV, X, XIV, or XVI of the Social Security Act with respect to aid or assistance in the form of medical or any other type of remedial care for any period for which such State receives payments under title XIX of such Act, or for any period (281)~~after June 30, 1967~~ *thereafter.*

(c) (1) Effective January 1, 1966, section 1101 (a) (1) of the Social Security Act is amended by striking out "and XVI" and inserting in lieu thereof "XVI, and XIX".

(282)~~(2) Section 1109 of such Act is amended by adding at the end thereof the following new sentence: "Any amount which is disregarded (or set aside for future needs) in determining eligibility for and amount of the aid or assistance for any individual under a State plan approved under title I, IV, X, XIV, XVI, or XIX shall not be taken into consideration in determining the eligibility for or amount of medical assistance for any other individual under a State plan approved under title XIX."~~

*(2) Section 1109 of such Act is amended to read: "Any amount which is disregarded (or set aside for future needs)*

*in determining eligibility of and amount of the aid or assistance for any individual under a State plan approved under title I, IV, X, XIV, XVI, or XIX shall not be taken into consideration in determining the eligibility of and amount of aid or assistance for any other individual under a State plan approved under any other of such titles.*"

(3) Effective January 1, 1966, section 1115 of such Act is amended by striking out "or XVI", "or 1602", and "or 1603" and inserting in lieu thereof "XVI, or XIX", "1602, or 1902", and "1603, or 1903", respectively.

PAYMENT BY STATES OF PREMIUMS FOR SUPPLEMENTARY (283) ~~HEALTH~~ *MEDICAL* INSURANCE

SEC. 122. Sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a) of the Social Security Act are each amended by inserting "premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other" after "expenditures for" in the parenthetical phrase appearing in so much of paragraph (1) thereof as precedes clause (A), *and in the parenthetical phrase appearing in paragraph (2) thereof.*

(285) *NOTICE CONCERNING BENEFITS PROVIDED UNDER TITLE XVIII OF SOCIAL SECURITY ACT*

*SEC. 123. (a) The Secretary shall, not later than July 1, 1966, provide personal notice (containing the information and data prescribed under subsection (b)) to—*

*(1) each individual who is expected (by reason of entitlement to, or application for, benefits) to be entitled to monthly insurance benefits for the month of June 1966 under the insurance program established by title II of the Social Security Act, and who will have attained age 65 on or before such month;*

*(2) each individual who is expected (by reason of entitlement to, or application for, benefits) to be entitled to an annuity or pension under the Railroad Retirement Act of 1937 for the month of June 1966, and who will have attained age 65 on or before such month;*

*(3) each individual whom the Secretary has reason to believe would be entitled to the benefits provided by part A of title XVIII of the Social Security Act by reason of the provisions of section 103 of the Social Security Amendments of 1965, if the Secretary (A) knows the name and address of such individual, and (B) has occasion (without regard to this section) to send any other notice or correspondence to such individual.*

*(b) The notice referred to in subsection (a) shall contain (1) a separate description of the benefits provided under part A of title XVIII of the Social Security Act, examples of types of health care which are not provided by*

*such part A, and information as to the class of persons eligible to qualify for such benefits, as well as the procedure to be followed to apply for such benefits, (2) a separate description of the benefits provided under part B of such title XVIII, examples of the types of health care which are not provided by such part B, and information as to the class of persons eligible to qualify for such benefits, the conditions and limitations imposed upon the receipt of such benefits, and the procedure to be followed in applying for such benefits, and (3) advice to the individual that he should make arrangements through other insurance programs or otherwise to protect himself against health care costs which are not covered by part A or B of such title XVIII, or both such part A and part B.*

*(c) In addition to the personal notices required to be sent under subsections (a) and (b), the Secretary shall utilize to the fullest extent feasible other media of communications to apprise the public of the information and data required to be contained in the notice described in subsection (b).*

*(d) The Secretary shall also furnish a personal notice (containing the information and data prescribed under subsection (b)) to each individual who after June 1966 becomes entitled to monthly insurance benefits under title II*

*of the Social Security Act and who has, at the time he becomes so entitled, attained age 65, or will attain such age within one year thereafter.*

*(e) The Railroad Retirement Board shall furnish to the Secretary such information as it may possess and which may be necessary or useful to enable the Secretary to carry out the provisions of subsection (a)(2). Such Board also shall furnish to each individual who becomes entitled to an annuity or pension under the Railroad Retirement Act of 1937 after June 1966 and who, at the time he becomes so entitled, has attained age 65 (or will attain such age within one year thereafter) a personal notice containing the information and data prescribed in subsection (b).*

## TITLE II—OTHER AMENDMENTS RELATING TO HEALTH CARE

### PART 1—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

#### INCREASE IN MATERNAL AND CHILD HEALTH SERVICES

SEC. 201. (a) The first sentence of section 501 of the Social Security Act is amended by striking out "$40,000,000" and all that follows and inserting in lieu thereof "$45,000,000 for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $55,000,000 for the fiscal year ending June 30, 1968,

$55,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 (286)*each* for the fiscal year ending June 30, 1970, and succeeding fiscal years."

(b) Section 504 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder for any period after June 30, 1966, unless it makes a satisfactory showing that the State is extending the provision of maternal and child health services in the State with a view to making such services available by July 1, 1975, to children in all parts of the State."

INCREASE IN CRIPPLED CHILDREN'S SERVICES

SEC. 202. (a) The first sentence of section 511 of the Social Security Act is amended by striking out "$40,000,000" and all that follows and inserting in lieu thereof "$45,000,000 for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $55,000,000 for the fiscal year ending June 30, 1968, $55,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 (287)*each* for the fiscal year ending June 30, 1970, and succeeding fiscal years."

(b) Section 514 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the preceding provisions of this subsection, no payment shall be made to any State thereunder for any period after June 30, 1966, unless it makes a satisfactory showing that the State is extending the provision of crippled children's services in the State with a view to making such services available by July 1, 1975, to children in all parts of the State."

TRAINING OF PROFESSIONAL PERSONNEL FOR THE CARE OF CRIPPLED CHILDREN

SEC. 203. (a) Part 2 of title V of the Social Security Act is amended by adding at the end thereof the following new section:

"TRAINING OF PROFESSIONAL PERSONNEL

"SEC. 516. There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1967, $10,000,000 for the fiscal year ending June 30, 1968, and $17,500,000 for each fiscal year thereafter, for grants by the Secretary to public or other nonprofit institutions of higher learning for training professional personnel for health and related care of crippled children, particularly mentally retarded children and children with multiple handicaps."

(b) The second sentence of section 514(c) of such Act is amended by striking out "section 512(b)" and inserting in lieu thereof "section 512(b) or 516".

PAYMENT FOR INPATIENT HOSPITAL SERVICES

SEC. 204. (a) Section 503 (a) of the Social Security Act is amended by striking out "and" before clause (7) and by inserting before the period at the end thereof the following new clause: "; and (8) effective July 1, 1967, provide for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan".

(b) Section 513 (a) of such Act is amended by striking out "and" before clause (6) and by inserting before the period at the end thereof the following new clause: "; and (7) effective July 1, 1967, provide for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan".

SPECIAL PROJECT GRANTS FOR HEALTH OF SCHOOL AND PRESCHOOL CHILDREN

SEC. 205. Part 4 of title V of the Social Security Act is amended (1) by revising the heading thereof to read as follows: "PART 4—GRANTS FOR SPECIAL MATERNITY AND INFANT CARE PROJECTS, FOR PROJECTS FOR HEALTH OF SCHOOL AND PRESCHOOL CHILDREN, AND FOR RESEARCH PROJECTS"; (2) by redesignating section 532 as section

533; and (3) by inserting after section 531 the following new section:

"SPECIAL PROJECT GRANTS FOR HEALTH OF SCHOOL AND PRESCHOOL CHILDREN

"SEC. 532. (a) In order to promote the health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, there are authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1966, $35,000,000 for the fiscal year ending June 30, 1967, (288)~~$40,000,000~~ *$45,000,000* for the fiscal year ending June 30, 1968, (289)~~$45,000,000~~ *$50,000,000* for the fiscal year ending June 30, 1969, and (290)~~$50,000,000~~ *$55,000,000* for the fiscal year ending June 30, 1970, for grants as provided in this section.

"(b) From the sums appropriated pursuant to subsection (a), the Secretary is authorized to make grants to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, to the State agency of the State administering or supervising the administration of the State plan approved under section 513, to any school of medicine (with appropriate participation by a school of dentistry), and to any teaching hospital affiliated with such a school, to pay not to exceed 75 per centum of the cost of projects of a

comprehensive nature for health care and services for children and youth of school age or for preschool children (to help them prepare to start school). No project shall be eligible for a grant under this (291)~~section~~ *subsection* unless it provides (1) for the coordination of health care and services provided under it with, and utilization (to the extent feasible) of, other State or local health, welfare, and education programs for such children, (2) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary) of inpatient hospital services provided under the project, and (3) that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control; and no such project for children and youth of school age shall be considered to be of a comprehensive nature for purposes of this (292)~~section~~ *subsection* unless it includes (subject to the limitation in the preceding provisions of this sentence) at least such screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, both medical and dental, as may be provided for in regulations of the Secretary.

(293)"*(c) From the sums appropriated pursuant to subsection (a), the Secretary is also authorized to make grants to*

*the State health agency, the State mental health agency, and the State public welfare agency of any State and (with the consent of such State health, mental health, or public welfare agency) to the health agency, mental health agency, and public welfare agency, respectively, of any political subdivision of the State, and to any public or nonprofit private agency or institution to pay not to exceed 75 per centum of the cost of projects providing for the identification (with a view to providing for as early identification as possible), care, and treatment of children who are, or are in danger of becoming, emotionally disturbed, including the followup of children receiving such care or treatment. No project shall be eligible for a grant under this subsection unless it provides for coordination of the care and treatment provided under it with, and utilization (to the extent feasible) of, community mental health centers and other State or local agencies engaged in health, welfare, or education programs or activities for such children."*

"(294) ~~(c)~~ *(d)* Payment of grants under this section may be made (after necessary adjustment on account of previously made underpayments or overpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine."

EVALUATION AND REPORT

SEC. 206. The Secretary shall submit to the President for transmission to the Congress before July 1, 1969, a full report of the administration of the provisions of section 532 of the Social Security Act (as added by section 205 of this Act), together with an evaluation of the program established thereby and his recommendations as to continuation of and modifications in that program.

(295) *INCREASE IN CHILD WELFARE SERVICES*

*SEC. 207. Section 521 of the Social Security Act is amended by striking out "$40,000,000" and all that follows and inserting in lieu thereof "$40,000,000 for the fiscal year ending June 30, 1965, $45,000,000 for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $55,000,000 for the fiscal year ending June 30, 1968, $55,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 each year for the fiscal year ending June 30, 1970, and succeeding fiscal years."*

(296) *DAY CARE SERVICES*

*SEC. 208. (a)(1) Part 3 of title V of the Social Security Act is amended by striking out section 527.*

*(2) The second sentence of section 1108 of such Act is amended by striking out "522(a), and 527(a)" and inserting in lieu thereof "and 522(a)" and by striking out "(or, in the case of section 527(a), the minimum)".*

*(b) Section 522 of such Act is amended to read as follows:*

*"SEC. 522. The sum appropriated pursuant to section 521 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot $70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 524) bears to the sum of the corresponding products of all the States."*

*(c) Section 523(a)(1)(B) of such Act is amended by striking out "and" at the end of clause (iii) and by inserting after clause (iv) the following new clause:*

*"(v) that day care provided under the plan will be provided only in facilities (including private homes) which are licensed by the State, or approved (as meeting the standards established for such licensing) by the State agency responsible for licensing facilities of this type, and".*

*(d) The amendments made by this section shall apply in the case of appropriations under section 521 of the Social Security Act made for fiscal years beginning after June 30.*

*1965, and allotments thereof and payments from such allotments.*

## PART 2—IMPLEMENTATION OF MENTAL RETARDATION PLANNING

### AUTHORIZATION OF APPROPRIATIONS

SEC. 211. (a) Section 1701 of the Social Security Act is amended by adding at the end thereof the following new sentence: "There are also authorized to be appropriated, for assisting such States in initiating the implementation and carrying out of planning and other steps to combat mental retardation, $2,750,000 for the fiscal year ending June 30, 1966, and $2,750,000 for the fiscal year ending June 30, 1967."

(b) The first sentence of section 1702 of such Act is amended by inserting "the first sentence of" before "section 1701" and by inserting the following before the period at the end thereof "; and the sums appropriated pursuant to the second sentence of such section for the fiscal year ending June 30, 1966, shall be available for such grants during such year and the next two fiscal years, and sums appropriated pursuant thereto for the fiscal year ending June 30, 1967, shall be available for such grants during such year and the succeeding fiscal year".

## PART 3—PUBLIC ASSISTANCE AMENDMENTS RELATING TO HEALTH CARE

### REMOVAL OF LIMITATIONS ON FEDERAL PARTICIPATION IN ASSISTANCE TO (297)~~AGED~~ INDIVIDUALS WITH TUBERCULOSIS OR MENTAL DISEASE

SEC. 221. (a) (1) Section 6(a) of the Social Security Act is amended to read as follows:

"(a) For the purposes of this title, the term 'old-age assistance' means money payments to, or (if provided in or after the third month before the month in which the recipient makes application for assistance) medical care in behalf of or any type of remedial care recognized under State law in behalf of, needy individuals who are 65 years of age or older, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution)."

(2) Section 6(b) of such Act is amended by striking out all that follows clause (12) and inserting in lieu thereof the following:

"except that such term does not include any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution)."

(3) Section 2(a) of such Act is amended (A) by striking out "and" at the end of paragraph (10); (B) by striking out the period at the end of paragraph (11) and inserting in lieu thereof a semicolon; and (C) by adding after paragraph (11) the following new paragraphs:

"(12) if the State plan includes assistance to or in behalf of individuals who are patients in institutions for (298) ~~tuberculosis or~~ mental diseases—

"(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases (299) ~~or tuberculosis (as the case may be),~~ and, where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of care, arrangements providing assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

"(B) provide for an individual plan for each such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial

and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be a periodic determination of his need for continued treatment in the institution;

"(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients who would otherwise need care in such institutions, including appropriate medical treatment and other assistance; for services referred to in section 3(a)(4)(A)(i) and (ii) which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

"(D) provide methods of determining the reasonable cost of institutional care for such patients; and

"(13) if the State plan includes assistance to or in behalf of patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program, including provision

for utilization of community mental health centers, nursing homes, and other alternatives to care in public institutions for mental diseases."

(4) Section 3 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures with respect to patients in institutions for (300) ~~tuberculosis or~~ mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures in the State from Federal, State, and local sources for mental health services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31,

1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection."

(b) Section 1006 of such Act is amended by striking out clauses (a) and (b) and inserting in lieu thereof the following: "who is a patient in an institution for tuberculosis or mental diseases".

(c) Section 1405 of such Act is amended by striking out clauses (a) and (b) and inserting in lieu thereof the following: "who is a patient in an institution for tuberculosis or mental diseases".

(d) (1) Section 1605 (a) of such Act is amended to read as follows:

"(a) For purposes of this title, the term 'aid to the aged, blind, or disabled' means money payments to, or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of or any type of remedial care recognized under State law in behalf of, needy individuals who are 65 years of age or older, are blind, or are 18 years of age or over and permanently and totally disabled, but such term does not include—

"(1) any such payments to or care in behalf of any

individual who is an inmate of a public institution (except as a patient in a medical institution) ; or

"(2) any such payments to or care in behalf of any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases."

(2) Section 1605 (b) of such Act is amended by striking out all that follows clause (12) and inserting in lieu thereof the following:

"except that such term does not include any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution)."

(3) Section 1602 (a) of such Act (301) *(as amended by section 403(c) of this Act)* is amended (A) by striking out "and" at the end of paragraph (14) ; (B) by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon; and (C) by adding after paragraph (15) the following new paragraphs:

"(16) if the State plan includes aid or assistance to or in behalf of individuals 65 years of age or older who are patients in institutions for (302) ~~tuberculosis or~~ mental diseases—

"(A) provide for having in effect such agreements or other arrangements with State authorities

concerned with mental diseases (303)~~or tuberculosis (as the case may be)~~, and, where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of care, arrangements providing assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

"(B) provide for an individual plan for each such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be a periodic determination of his need for continued treatment in the institution;

"(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other

aid or assistance; for services referred to in section 1603 (a) (4) (A) (i) and (ii) which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

"(D) provide methods of determining the reasonable cost of institutional care for such patients; and

"(17) if the State plan includes aid or assistance to or in behalf of individuals 65 years of age or older who are patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes, and other alternatives to care in public institutions for mental diseases."

(4) Section 1603 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures

with respect to individuals 65 years of age or older who are patients in institutions for (304) ~~tuberculosis or~~ mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures in the State from Federal, State, and local sources for mental health services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection."

(e) The amendments made by this section shall apply in the case of expenditures made after December 31, 1965, under a State plan approved under title I, X, XIV, or XVI of the Social Security Act.

AMENDMENT TO DEFINITION OF MEDICAL ASSISTANCE FOR THE AGED

SEC. 222. (a) Section 6(b) of the Social Security Act is amended by striking out "who are not recipients of old-age assistance" and inserting in lieu thereof "who are not recipients of old-age assistance (except, for any month, for recipients of old-age assistance who are admitted to or discharged from a medical institution during such month)".

(b) Section 1605(b) of such Act is amended by striking out "who are not recipients of aid to the aged, blind, or disabled" and inserting in lieu thereof "who are not recipients of aid to the aged, blind, or disabled (except, for any month, for recipients of aid to the aged, blind, or disabled who are admitted to or discharged from a medical institution during such month)".

(c) The amendments made by this section shall apply in the case of expenditures under a State plan approved under title I or XVI of the Social Security Act with respect to care and services provided under such plan after June 1965.

(305) *PART 4—MISCELLANEOUS AMENDMENTS RELATING TO HEALTH CARE*

*HEALTH STUDY OF RESOURCES RELATING TO CHILDREN'S EMOTIONAL ILLNESS*

*SEC. 231. (a) The Secretary of Health, Education, and Welfare is authorized, upon the recommendation of the National Advisory Mental Health Council and after securing the advice of experts in pediatrics and child welfare, to make grants for carrying out a program of research into and study of our resources, methods, and practices for diagnosing or preventing emotional illness in children and of treating, caring for, and rehabilitating children with emotional illnesses.*

*(b) Such grants may be made to one or more organizations, but only on condition that the organization will undertake and conduct, or if more than one organization is to receive such grants, only on condition that such organizations have agreed among themselves to undertake and conduct, a coordinated program of research into and study of all aspects of the resources, methods, and practices referred to in subsection (a).*

*(c) As used in subsection (b), the term "organization" means a nongovernmental agency, organization, or commission, composed of representatives of leading national*

*medical, welfare, educational, and other professional associations, organizations, or agencies active in the field of mental health of children.*

*(d) There are authorized to be appropriated for the fiscal year ending June 30, 1966, the sum of $500,000 to be used for a grant or grants to help initiate the research and study provided for in this section; and the sum of $500,000 for the succeeding fiscal year for the making of such grants as may be needed to carry the research and study to completion. The terms of any such grant shall provide that the research and study shall be completed not later than two years from the date it is inaugurated; that the grantee shall file annual reports with the Congress, the Secretary, and the Governors of the several States, among others that the grantee may select; and that the final report shall be similarly filed.*

## TITLE III—SOCIAL SECURITY AMENDMENTS

### SHORT TITLE

SEC. 300. This title may be cited as the "Old-Age, Survivors, and Disability Insurance Amendments of 1965".

### INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

SEC. 301. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

| "I (Primary insurance benefit under 1939 Act, as modified) | | II (Primary insurance amount under 1958 Act, as modified) | III (Average monthly wage) | | IV (Primary insurance amount) | V (Maximum family benefits) |
|---|---|---|---|---|---|---|
| If an individual's primary insurance benefit (as determined under subsec. (d)) is— | | Or his primary insurance amount (as determined under subsec. (c)) is— | Or his average monthly wage (as determined under subsec. (b)) is— | | The amount referred to in the preceding paragraphs of this subsection shall be— | And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be— |
| At least— | But not more than— | | At least— | But not more than— | | |
| ------ | $13.48 | $40 | --- | $67 | $44.00 | $66.00 |
| $13.49 | 14.00 | 41 | $68 | 69 | 45.00 | 67.50 |
| 14.01 | 14.48 | 42 | 70 | 70 | 46.00 | 69.00 |
| 14.49 | 15.00 | 43 | 71 | 72 | 47.00 | 70.50 |
| 15.01 | 15.60 | 44 | 73 | 74 | 48.00 | 72.00 |
| 15.61 | 16.20 | 45 | 75 | 76 | 49.00 | 73.50 |
| 16.21 | 16.84 | 46 | 77 | 78 | 50.00 | 75.00 |
| 16.85 | 17.60 | 47 | 79 | 80 | 51.00 | 76.50 |
| 17.61 | 18.40 | 48 | 81 | 81 | 52.00 | 78.00 |
| 18.41 | 19.24 | 49 | 82 | 83 | 53.00 | 79.50 |
| 19.25 | 20.00 | 50 | 84 | 85 | 54.00 | 81.00 |
| 20.01 | 20.64 | 51 | 86 | 87 | 55.00 | 82.50 |
| 20.65 | 21.28 | 52 | 88 | 89 | 56.00 | 84.00 |
| 21.29 | 21.88 | 53 | 90 | 90 | 57.00 | 85.50 |
| 21.89 | 22.28 | 54 | 91 | 92 | 58.00 | 87.00 |
| 22.29 | 22.68 | 55 | 93 | 94 | 59.00 | 88.50 |
| 22.69 | 23.08 | 56 | 95 | 96 | 60.00 | 90.00 |
| 23.09 | 23.44 | 57 | 97 | 97 | 61.00 | 91.50 |
| 23.45 | 23.76 | 58 | 98 | 99 | 62.10 | 93.20 |
| 23.77 | 24.20 | 59 | 100 | 101 | 63.20 | 94.80 |
| 24.21 | 24.60 | 60 | 102 | 102 | 64.20 | 96.30 |
| 24.61 | 25.00 | 61 | 103 | 104 | 65.30 | 98.00 |
| 25.01 | 25.48 | 62 | 105 | 106 | 66.40 | 99.60 |
| 25.49 | 25.92 | 63 | 107 | 107 | 67.50 | 101.30 |
| 25.93 | 26.40 | 64 | 108 | 109 | 68.50 | 102.80 |
| 26.41 | 26.94 | 65 | 110 | 113 | 69.60 | 104.40 |
| 26.95 | 27.46 | 66 | 114 | 118 | 70.70 | 106.10 |
| 27.47 | 28.00 | 67 | 119 | 122 | 71.70 | 107.60 |
| 28.01 | 28.68 | 68 | 123 | 127 | 72.80 | 109.20 |
| 28.69 | 29.25 | 69 | 128 | 132 | 73.90 | 110.90 |
| 29.26 | 29.68 | 70 | 133 | 136 | 74.90 | 112.40 |
| 29.69 | 30.36 | 71 | 137 | 141 | 76.00 | 114.00 |
| 30.37 | 30.92 | 72 | 142 | 146 | 77.10 | 116.80 |
| 30.93 | 31.36 | 73 | 147 | 150 | 78.20 | 120.00 |
| 31.37 | 32.00 | 74 | 151 | 155 | 79.20 | 124.00 |
| 32.01 | 32.60 | 75 | 156 | 160 | 80.30 | 128.00 |
| 32.61 | 33.20 | 76 | 161 | 164 | 81.40 | 131.20 |
| 33.21 | 33.88 | 77 | 165 | 169 | 82.40 | 135.20 |
| 33.89 | 34.50 | 78 | 170 | 174 | 83.50 | 139.20 |
| 34.51 | 35.00 | 79 | 175 | 178 | 84.60 | 142.40 |
| 35.01 | 35.80 | 80 | 179 | 183 | 85.60 | 146.40 |
| 35.81 | 36.40 | 81 | 184 | 188 | 86.70 | 150.40 |
| 36.41 | 37.08 | 82 | 189 | 193 | 87.80 | 154.40 |
| 37.09 | 37.60 | 83 | 194 | 197 | 88.90 | 157.60 |
| 37.61 | 38.20 | 84 | 198 | 202 | 89.90 | 161.60 |
| 38.21 | 39.12 | 85 | 203 | 207 | 91.00 | 165.60 |
| 39.13 | 39.68 | 86 | 208 | 211 | 92.10 | 168.80 |
| 39.69 | 40.33 | 87 | 212 | 216 | 93.10 | 172.80 |
| 40.34 | 41.12 | 88 | 217 | 221 | 94.20 | 176.80 |
| 41.13 | 41.76 | 89 | 222 | 225 | 95.30 | 180.00 |
| 41.77 | 42.44 | 90 | 226 | 230 | 96.30 | 184.00 |
| 42.45 | 43.20 | 91 | 231 | 235 | 97.40 | 188.00 |
| 43.21 | 43.76 | 92 | 236 | 239 | 98.50 | 191.20 |
| 43.77 | 44.44 | 93 | 240 | 244 | 99.60 | 195.20 |
| 44.45 | 44.88 | 94 | 245 | 249 | 100.60 | 199.20 |
| 44.89 | 45.60 | 95 | 250 | 253 | 101.70 | 202.40 |
| | | 96 | 254 | 258 | 102.80 | 206.40 |
| | | 97 | 259 | 263 | 103.80 | 210.40 |
| | | 98 | 264 | 267 | 104.90 | 213.60 |
| | | 99 | 268 | 272 | 106.00 | 217.60 |
| | | 100 | 273 | 277 | 107.00 | 221.60 |
| | | 101 | 278 | 281 | 108.10 | 224.80 |
| | | 102 | 282 | 286 | 109.20 | 228.80 |
| | | 103 | 287 | 291 | 110.30 | 232.80 |
| | | 104 | 292 | 295 | 111.30 | 236.00 |
| | | 105 | 296 | 300 | 112.40 | 240.00 |
| | | 106 | 301 | 305 | 113.50 | 244.00 |
| | | 107 | 306 | 309 | 114.50 | 247.20 |
| | | 108 | 310 | 314 | 115.60 | 251.20 |
| | | 109 | 315 | 319 | 116.70 | 254.00 |
| | | 110 | 320 | 323 | 117.70 | 254.80 |
| | | 111 | 324 | 328 | 118.80 | 256.80 |
| | | 112 | 329 | 333 | 119.90 | 258.80 |
| | | 113 | 334 | 337 | 121.00 | 260.40 |

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

| "I (Primary insurance benefit under 1939 Act, as modified) | | II (Primary insurance amount under 1958 Act, as modified) | III (Average monthly wage) | | IV (Primary insurance amount) | V (Maximum family benefits) |
|---|---|---|---|---|---|---|
| If an individual's primary insurance benefit (as determined under subsec. (d)) is— | | Or his primary insurance amount (as determined under subsec. (c)) is— | Or his average monthly wage (as determined under subsec. (b)) is— | | The amount referred to in the preceding paragraphs of this subsection shall be— | And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be— |
| At least— | But not more than— | | At least— | But not more than— | | |
| | | $114 | $338 | $342 | $122.00 | $262.40 |
| | | 115 | 343 | 347 | 123.10 | 264.40 |
| | | 116 | 348 | 351 | 124.20 | 266.00 |
| | | 117 | 352 | 356 | 125.20 | 268.00 |
| | | 118 | 357 | 361 | 126.30 | 270.00 |
| | | 119 | 362 | 365 | 127.40 | 271.60 |
| | | 120 | 366 | 370 | 128.40 | 273.60 |
| | | 121 | 371 | 375 | 129.50 | 275.60 |
| | | 122 | 376 | 379 | 130.60 | 277.20 |
| | | 123 | 380 | 384 | 131.70 | 279.20 |
| | | 124 | 385 | 389 | 132.70 | 281.20 |
| | | 125 | 390 | 393 | 133.80 | 282.80 |
| | | 126 | 394 | 398 | 134.90 | 284.80 |
| | | 127 | 399 | 403 | 135.90 | 286.80 |
| | | | 404 | 407 | 136.90 | 288.40 |
| | | | 408 | 412 | 137.90 | 290.40 |
| | | | 413 | 417 | 138.90 | 292.40 |
| | | | 418 | 421 | 139.90 | 294.00 |
| | | | 422 | 426 | 140.90 | 296.00 |
| | | | 427 | 431 | 141.90 | 298.00 |
| | | | 432 | 436 | 142.90 | 300.00 |
| | | | 437 | 440 | 143.90 | 301.60 |
| | | | 441 | 445 | 144.90 | 303.60 |
| | | | 446 | 450 | 145.90 | 305.60 |
| | | | 451 | 454 | 146.90 | 307.20 |
| | | | 455 | 459 | 147.90 | 309.20 |
| | | | 460 | 464 | 148.90 | 311.20 |
| | | | 465 | 466 | 149.90 | 312.00" |
| | | $109 | $315 | $319 | $116.70 | $255.20 |
| | | 110 | 320 | 323 | 117.70 | 258.40 |
| | | 111 | 324 | 328 | 118.80 | 262.40 |
| | | 112 | 329 | 333 | 119.90 | 266.40 |
| | | 113 | 334 | 337 | 121.00 | 269.60 |
| | | 114 | 338 | 342 | 122.00 | 273.60 |
| | | 115 | 343 | 347 | 123.10 | 277.60 |
| | | 116 | 348 | 351 | 124.20 | 280.80 |
| | | 117 | 352 | 356 | 125.20 | 284.80 |
| | | 118 | 357 | 361 | 126.30 | 288.80 |
| | | 119 | 362 | 365 | 127.40 | 292.00 |
| | | 120 | 366 | 370 | 128.40 | 296.00 |
| | | 121 | 371 | 375 | 129.50 | 298.00 |
| | | 122 | 376 | 379 | 130.60 | 299.60 |
| | | 123 | 380 | 384 | 131.70 | 301.60 |
| | | 124 | 385 | 389 | 132.70 | 303.60 |
| | | 125 | 390 | 395 | 133.80 | 305.20 |
| | | 126 | 394 | 398 | 134.90 | 307.20 |
| | | 127 | 399 | 403 | 135.90 | 309.20 |
| | | | 404 | 407 | 137.00 | 310.80 |
| | | | 408 | 412 | 138.00 | 312.80 |
| | | | 413 | 417 | 139.00 | 314.80 |
| | | | 418 | 421 | 140.00 | 316.40 |
| | | | 422 | 426 | 141.00 | 318.40 |
| | | | 427 | 431 | 142.00 | 320.40 |
| | | | 432 | 436 | 143.00 | 322.40 |
| | | | 437 | 440 | 144.00 | 324.00 |
| | | | 441 | 445 | 145.00 | 326.00 |
| | | | 446 | 450 | 146.00 | 328.00 |
| | | | 451 | 454 | 147.00 | 329.60 |
| | | | 455 | 459 | 148.00 | 331.60 |
| | | | 460 | 464 | 149.00 | 333.60 |
| | | | 465 | 468 | 150.00 | 335.20 |
| | | | 469 | 473 | 151.00 | 337.20 |
| | | | 474 | 478 | 152.00 | 339.20 |
| | | | 479 | 482 | 153.00 | 340.80 |
| | | | 483 | 487 | 154.00 | 342.80 |
| | | | 488 | 492 | 155.00 | 344.80 |
| | | | 493 | 496 | 156.00 | 346.40 |
| | | | 497 | 501 | 157.00 | 348.40 |
| | | | 502 | 506 | 158.00 | 350.40 |
| | | | 507 | 510 | 159.00 | 352.00 |
| | | | 511 | 515 | 160.00 | 354.00 |
| | | | 516 | 520 | 161.00 | 356.00 |
| | | | 521 | 524 | 162.00 | 357.60 |
| | | | 525 | 529 | 163.00 | 359.60 |
| | | | 530 | 534 | 164.00 | 361.60 |
| | | | 535 | 538 | 165.00 | 363.20 |
| | | | 539 | 543 | 166.00 | 365.20 |
| | | | 544 | 548 | 167.00 | 367.20 |
| | | | 549 | 550 | 168.00 | 368.00" |

(b) Section 215 (c) of such Act is amended to read as follows:

"Primary Insurance Amount Under 1958 Act, as Modified

"(c) (1) For the purposes of column II of the table appearing in subsection (a) of this section, an individual's primary insurance amount shall be computed as provided in, and subject to the limitations specified in, (A) this section as in effect prior to the enactment of the Social Security Amendments of 1965, and (B) the applicable provisions of the Social Security Amendments of 1960.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202 (a) or section 223 before the date of enactment of the Social Security Amendments of 1965 or who died before such date."

(c) Section 203 (a) of such Act is amended by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) when two or more persons were entitled (without the application of section 202 (j) (1) and section 223 (b)) to monthly benefits under section 202 or 223 for any month which begins after December 1964 and before the enactment of the Social Security Amendments of 1965, on the basis of the wages and self-employment income of such insured individual, such

total of benefits for any month occurring after December 1964 shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) (i) with respect to the month in which such Amendments are enacted or any prior month, an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section), as in effect prior to the enactment of such Amendments, for each such person (307)*(other than a person who would not be entitled to such benefits for such month without the application of the amendments made by section 306 of the Social Security Amendments of 1965)*, for such month, by 107 percent and raising each such increased amount, if it is not a multiple of $0.10, to the next higher multiple of $0.10, and

"(ii) with respect to any month after the month in which such Amendments are enacted, an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title (including this subsection, but without the

application of section 222 (b), section 202 (q), and subsections (b), (c), and (d) of this section), as in effect prior to the enactment of such Amendments, for each such person (308)*(other than a person who would not be entitled to such benefits for such month without the application of the amendments made by section 306 of the Social Security Amendments of 1965)* for the month of enactment, by 107 percent and raising each such increased amount, if it is not a multiple of $0.10, to the next higher multiple of $0.10;

but in any such case (I) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B) of this paragraph, and (II) if section 202 (k) (2) (A) was applicable in the case of any of such benefits for any such month beginning before the enactment of the Social Security Amendments of 1965, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which such section 202 (k) (2) (A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for such month beginning prior to such enactment."

(d) The amendments made by subsections (a), (b), and (c) of this section shall apply with respect to monthly

benefits under title II of the Social Security Act for months after December 1964 and with respect to lump-sum death payments under such title in the case of deaths occurring in or after the month in which this Act is enacted.

(e) If an individual is entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1964 on the basis of an application filed after enactment of this Act and is entitled to old-age insurance benefits under section 202(a) of such Act for January 1965, then, for purposes of section 215(a)(4) of the Social Security Act (if applicable) the amount in column IV of the table appearing in such section 215(a) for such individual shall be the amount in such column on the line on which in column II appears his primary insurance amount (as determined under section 215(c) of such Act) instead of the amount in column IV equal to his disability insurance benefit.

~~(309) (f) Effective with respect to monthly benefits under title II of the Social Security Act for months after 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring after such year, the table in section 215(a) of such Act (as amended by subsection (a) of this section) is amended by striking out all figures in columns II, III, IV, and V beginning with the line which reads~~

| | | | | | |
|---|---|---|---|---|---|
| | "109 | 315 | 319 | 116.70 | 254.00" |

and down through the line which reads

| | | | | | |
|---|---|---|---|---|---|
| | | "465 | 466 | 149 90 | 312.00" |

and inserting in lieu thereof the following:

| | | | | |
|---|---|---|---|---|
| "109 | 315 | 319 | 116.70 | 255.20 |
| 110 | 320 | 323 | 117.70 | 258.40 |
| 111 | 324 | 328 | 118.80 | 262.40 |
| 112 | 329 | 333 | 119.90 | 266.40 |
| 113 | 334 | 337 | 121.00 | 269.60 |
| 114 | 338 | 342 | 122.00 | 273.60 |
| 115 | 343 | 347 | 123.10 | 277.60 |
| 116 | 348 | 351 | 124.20 | 280.80 |
| 117 | 352 | 356 | 125.20 | 284.80 |
| 118 | 357 | 361 | 126.30 | 288.80 |
| 119 | 362 | 365 | 127.40 | 292.00 |
| 120 | 366 | 370 | 128.40 | 296.00 |
| 121 | 371 | 375 | 129.50 | 298.00 |
| 122 | 376 | 379 | 130.60 | 299.60 |
| 123 | 380 | 384 | 131.70 | 301.60 |
| 124 | 385 | 389 | 132.70 | 303.60 |
| 125 | 390 | 393 | 133.80 | 305.20 |
| 126 | 394 | 398 | 134.90 | 307.20 |
| 127 | 399 | 403 | 135.90 | 309.20 |
| | 404 | 407 | 136.90 | 310.80 |
| | 408 | 412 | 137.90 | 312.80 |
| | 413 | 417 | 138.90 | 314.80 |
| | 418 | 421 | 139.90 | 316.40 |
| | 422 | 426 | 140.90 | 318.40 |
| | 427 | 431 | 141.90 | 320.40 |
| | 432 | 436 | 142.90 | 322.40 |
| | 437 | 440 | 143.90 | 324.00 |
| | 441 | 445 | 144.90 | 326.00 |
| | 446 | 450 | 145.90 | 328.00 |
| | 451 | 454 | 146.90 | 329.60 |
| | 455 | 459 | 147.90 | 331.60 |
| | 460 | 464 | 148.90 | 333.60 |
| | 465 | 468 | 149.90 | 335.20 |
| | 469 | 473 | 150.90 | 337.20 |
| | 474 | 478 | 151.90 | 339.20 |
| | 479 | 482 | 152.90 | 340.80 |
| | 483 | 487 | 153.90 | 342.80 |
| | 488 | 492 | 154.90 | 344.80 |
| | 493 | 496 | 155.90 | 346.40 |
| | 497 | 501 | 156.90 | 348.40 |
| | 502 | 506 | 157.90 | 350.40 |
| | 507 | 510 | 158.90 | 352.00 |
| | 511 | 515 | 159.90 | 354.00 |
| | 516 | 520 | 160.90 | 356.00 |
| | 521 | 524 | 161.90 | 357.60 |
| | 525 | 529 | 162.90 | 359.60 |
| | 530 | 534 | 163.90 | 361.60 |
| | 535 | 538 | 164.90 | 363.20 |
| | 539 | 543 | 165.90 | 365.20 |
| | 544 | 548 | 166.90 | 367.20 |
| | 549 | 550 | 167.90 | 368.00" |

COMPUTATION AND RECOMPUTATION OF BENEFITS

SEC. 302. (a) (1) Subparagraph (C) of section 215 (b) (2) of the Social Security Act is amended to read as follows:

"(C) For purposes of subparagraph (B), 'computation base years' include only calendar years in the period after 1950 and prior to the earlier of the following years—

"(i) the year in which occurred (whether by

reason of section 202(j)(1) or otherwise) the first month for which the individual was entitled to old-age insurance benefits, or

"(ii) the year succeeding the year in which he died. Any calendar year all of which is included in a period of disability shall not be included as a computation base year."

(2) Clauses (A), (B), and (C) of the first sentence of section 215(b)(3) of such Act are amended to read as follows:

"(A) in the case of a woman, the year in which she died or, if it occurred earlier but after 1960, the year in which she attained age 62,

"(B) in the case of a man who has died, the year in which he died or, if it occurred earlier but after 1960, the year in which he attained age 65, or

"(C) in the case of a man who has not died, the year occurring after 1960 in which he attained (or would attain) age 65."

(3) Paragraphs (4) and (5) of section 215(b) of such Act are amended to read as follows:

"(4) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) who becomes entitled, after December 1965, to benefits under section 202(a) or section 223; or

"(B) who dies after December 1965 without being

entitled to benefits under section 202 (a) or section 223; or

"(C) whose primary insurance amount is required to be recomputed under subsection (f) (2), as amended by the Social Security Amendments of 1965;

except that it shall not apply to any such individual for purposes of monthly benefits for months before January 1966.

"(5) For the purposes of column III of the table appearing in subsection (a) of this section, the provisions of this subsection, as in effect prior to the enactment of the Social Security Amendments of 1965, shall apply—

"(A) in the case of an individual to whom the provisions of this subsection are not made applicable by paragraph (4), but who, on or after the date of the enactment of the Social Security Amendments of 1965 and prior to 1966, met the requirements of this paragraph or paragraph (4), as in effect prior to such enactment, and

"(B) with respect to monthly benefits for months before January 1966, in the case of an individual to whom the provisions of this subsection are made applicable by paragraph (4)."

(b) (1) Subparagraph (A) of section 215 (d) (1) of such Act is amended by striking out "(2) (C) (i) and (3)

(A) (i)" and inserting in lieu thereof "(2) (C) and (3)", by striking out "December 31, 1936," and inserting in lieu thereof "1936", and by striking out "December 31, 1950" and inserting in lieu thereof "1950".

(2) Section 215(d)(3) of such Act is amended by striking out "1960" and inserting in lieu thereof "1965" and by striking out "but without regard to whether such individual has six quarters of coverage after 1950".

(c) Section 215(e) of such Act is amended by inserting "and" after the semicolon at the end of paragraph (1), by striking out "; and" at the end of paragraph (2) and inserting in lieu thereof a period, and by striking out paragraph (3).

(d)(1) Paragraph (2) of section 215(f) of such Act is amended to read as follows:

"(2) With respect to each year—

"(A) which begins after December 31, 1964, and

"(B) for any part of which an individual is entitled to old-age insurance benefits,

the Secretary shall, at such time or times and within such period as he may by regulations prescribe, recompute the primary insurance amount of such individual. Such recomputation shall be made—

"(C) as provided in subsection (a) (1) and (3) if such year is either the year in which he became en-

titled to such old-age insurance benefits or the year preceding such year, or

"(D) as provided in subsection (a) (1) in any other case;

and in all cases such recomputation shall be made as though the year with respect to which such recomputation is made is the last year of the period specified in paragraph (2) (C) of subsection (b). A recomputation under this paragraph with respect to any year shall be effective—

"(E) in the case of an individual who did not die in such year, for monthly benefits beginning with benefits for January of the following year; or

"(F) in the case of an individual who died in such year (including any individual whose increase in his primary insurance amount is attributable to compensation which, upon his death, is treated as remuneration for employment under section 205(o)), for monthly benefits beginning with benefits for the month in which he died."

(2) Effective January 2, 1966, paragraphs (3), (4), and (7) of such section are repealed, and paragraphs (5) and (6) of such section are redesignated as paragraphs (3) and (4), respectively.

(e) (1) The first sentence of section 223(a)(2) of such Act is amended by inserting before the period at the

end thereof "and was entitled to an old-age insurance benefit for each month for which (pursuant to subsection (b)) he was entitled to a disability insurance benefit".

(2) The last sentence of section 223 (a) (2) of such Act is amended by striking out "first year" and inserting in lieu thereof "year"; and by striking out the phrase "both was fully insured and had" both times it appears in such sentence.

(f) (1) The amendments made by subsection (c) shall apply only to individuals who become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act after 1965.

(2) Any individual who would, upon filing an application prior to January 2, 1966, be entitled to a recomputation of his ~~(310)~~ *monthly* benefit amount for purposes of title II of the Social Security Act shall be deemed to have filed such application on the earliest date on which such application could have been filed, or on the day on which this Act is enacted, whichever is the later.

(3) In the case of an individual who died after 1960 and prior to 1966 and who was entitled to old-age insurance benefits under section 202 (a) of the Social Security Act at the time of his death, the provisions of sections 215 (f) (3)

(B) and 215(f)(4) of such Act as in effect before the enactment of this Act shall apply.

(4) In the case of a man who attains age 65 prior to 1966, or dies before such year, the provisions of section 215(f)(7) of the Social Security Act as in effect before the enactment of this Act shall apply.

(5) The amendments made by subsection (e) of this section shall apply in the case of individuals who become entitled to disability insurance benefits under section 223 of the Social Security Act after December 1965.

(6) Section 303(g)(1) of the Social Security Amendments of 1960 is amended—

(A) by striking out "notwithstanding the amendments made by the preceding subsections of this section," in the first sentence and inserting in lieu thereof "notwithstanding the amendments made by the preceding subsections of this section, or the amendments made by section 302 of the Social Security Amendments of 1965,"; and

(B) by striking out "Social Security Amendments of 1960," in the second sentence and inserting in lieu thereof "Social Security Amendments of 1960, or (if such individual becomes entitled to old-age insurance benefits after 1965, or dies after 1965 without becoming

so entitled) as amended by the Social Security Amendments of 1965,".

(311) *(7) Effective January 2, 1966, subparagraph (B) of section 102(f)(2) of the Social Security Amendments of 1954 is repealed.*

DISABILITY INSURANCE BENEFITS

(312) ~~SEC. 303. (a) (1) Clause (A) of the first sentence of section 216 (i) (1) of the Social Security Act is amended by striking out "impairment which can be expected to result in death or to be of long-continued and indefinite duration," and inserting in lieu thereof "impairment,".~~

~~(2) Section 223 (c) (2) of such Act is amended by striking out "which can be expected to result in death or to be of long-continued and indefinite duration".~~

*SEC. 303. (a)(1) Clause (A) of the first sentence of section 216 (i) of the Social Security Act is amended by striking out "or to be of long-continued and indefinite duration" and inserting in lieu thereof "or has lasted or can be expected to last for a continuous period of not less than 12 calendar months".*

*(2) Section 223(c)(2) of such Act is amended to read as follows:*

*"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be*

*expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 calendar months. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.*"

(b) (1) Paragraph (2) of section 216(i) of such Act is amended to read as follows:

"(2) (A) The term 'period of disability' means a continuous period (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)), but only if such period is of not less than 6 full calendar months' duration or such individual was entitled to benefits under section 223 for one or more months in such period.

"(B) No period of disability shall begin as to any individual unless such individual files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains the age of 65.

"(C) A period of disability shall begin—

"(i) on the day the disability began, but only if the individual satisfies the requirements of paragraph (3) on such day; or

"(ii) if such individual does not satisfy the requirements of paragraph (3) on such day, then on the first day of the first quarter thereafter in which he satisfies such requirements.

(313) ~~"(D) A period of disability shall end with the close of the last day of the month preceding the month in which the individual attains age 65 or, if earlier, the close of the last day of—~~

~~"(i) the month following the month in which the disability ceases if he has been under a disability for a continuous period of less than 18 months, or~~

~~"(ii) the second month following the month in which his disability ceases if he has been under a disability for a continuous period of at least 18 months.~~

*"(D) A period of disability shall end with the close of whichever of the following months is the earlier: (i) the month preceding the month in which the individual attains age 65, or (ii) the second month following the month in which the disability ceases.*

(314) ~~"(E) No application for a disability determination which is filed more than 3 months before the first day on which a period of disability can begin (as determined under this paragraph), or, in any case in which section 223(d)(2) applies, more than 6 months before the first month for which such applicant becomes entitled to benefits under section~~

~~223,~~ ~~shall be accepted as an application for purposes of this paragraph. Any application for a disability determination which is filed within such 3 months' period or 6 months' period shall be deemed to have been filed on such first day or in such first month, as the case may be.~~

"~~(315)~~ ~~(F)~~ *(E)* No application for a disability determination which is filed more than 12 months after the month prescribed by subparagraph (D) as the month in which the period of disability ends (determined without regard to subparagraph (B) and this subparagraph) shall be accepted as an application for purposes of this paragraph."

(2) Section 216(i)(3) of such Act is amended by striking out "clauses (A) and (B) of paragraph (2)" and inserting in lieu thereof "clauses (i) and (ii) of paragraph (2)(C)".

~~(316) (3) Paragraph (1) of section 223(a) of such Act is amended to read as follows:~~

~~"(1) Every individual who—~~

~~"(A) is insured for disability insurance benefits (as determined under subsection (c)(1)),~~

~~"(B) has not attained the age of 65, and~~

~~"(C) has filed application for disability insurance benefits,~~

~~shall be entitled to a disability insurance benefit for each~~

~~month in his disability payment period (as defined in subsection (d)).''~~

*(3) Subparagraph (D) of paragraph (1) of section 223 (a) of such Act is repealed, subparagraph (C) of such paragraph is amended by striking out ''and'', and subparagraph (B) of such paragraph is amended by inserting ''and'' at the end thereof.*

(4) Section 223 (c) (3) (A) of such Act is amended by striking out ''which continues until such application is filed''.

(317) ~~(c) Section 223 of such Act is amended by adding at the end thereof the following new subsection:~~

~~''Disability Payment Period~~

~~''(d) (1) For purposes of this section, the term 'disability payment period' means, in the case of any application, the period beginning with the last month of the individual's waiting period and ending with the month preceding whichever of the following months is the earliest:~~

~~''(A) the month in which he dies,~~

~~''(B) the month in which he attains age 65, or~~

~~''(C) either (i) the second month following the month in which his disability ceases if he has been under a disability for a continuous period of less than 18 calendar months, or (ii) the third month following the month in which his disability ceases if he has been under~~

a disability for a continuous period of at least 18 calendar months.

"(2) If—

"(A) an individual had a period of disability (as defined in section 216(i)) which lasted at least 18 calendar months and which ceased within the 60-month period preceding the first month of his waiting period, and

"(B) such individual applies for disability insurance benefits on the basis of a disability which at the time of application can be expected to last a continuous period of at least 12 months or to result in death,

then for purposes of this section, the term 'disability payment period' includes each month in the waiting period with respect to which such application was filed."

(d)(1) Section 222(c)(5) of such Act is amended by striking out "who becomes entitled to benefits under section 223 for any month as provided in clause (ii) of subsection (a)(1) of this section," and inserting in lieu thereof "to whom section 223(d)(2) is applicable,".

(2) Section 223(a)(2)(B) of such Act is amended by striking out "clause (ii) of paragraph (1) of this section" and inserting in lieu thereof "subsection (d)(2)".

(3)(A) Section 223(b) of such Act is amended—

(i) by striking out "clause (ii) of paragraph (1)

~~of subsection (a)" and inserting in lieu thereof "subsection (d) (2)", and~~

~~(ii) by striking out the last sentence and inserting in lieu thereof the following: "An individual who would have been entitled to a disability insurance benefit for any month had he filed application therefor before the end of such month shall be entitled to such benefit for such month if he files such application before the end of the 12th month immediately succeeding such month."~~

*(c) Section 223(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following: "An individual who would have been entitled to a disability insurance benefit for any month had he filed application therefor before the end of such month shall be entitled to such benefit for such month if he files such application before the end of the 12th month immediately succeeding such month."*

~~(318) (B)~~ *(d)* The second sentence of section 202 (j) (1) of such Act is amended by inserting "under this title" after "Any benefit".

~~(319)~~ *(e) So much of section 215(a)(4) of such Act as precedes "the amount in column IV" is amended to read as follows:*

*"(4) In the case of an individual who was entitled to a disability insurance benefit for the month before the*

*month in which he died, became entitled to old-age insurance benefits, or attained age 65,".*

(320) ~~(e) (1)~~ *(f)(1)* The amendments made by subsection (a), paragraphs (3) and (4) of subsection (b), and (321) ~~paragraph (3) of subsection (d)~~ *subsections (c) and (d)*, and the provisions of subparagraphs (322) ~~(B), (E), and (F)~~ *(B) and (E)* of section 216(i)(2) of the Social Security Act (as amended by subsection (b)(1) of this section), shall be effective with respect to applications for disability insurance benefits under section 223, and for disability determinations under section 216(i), of the Social Security Act filed—

(A) in or after the month in which this Act is enacted, or

(B) before the month in which this Act is enacted, if the applicant has not died before such month and if—

(i) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(ii) the notice referred to in subparagraph (i) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such

month) and the decision in such civil action has not become final before such month;

except that no monthly insurance benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by subsections (a) and (b) for months before the second month following the month in which this Act is enacted. (323)*The preceding sentence shall also be applicable in the case of applications for monthly insurance benefits under title II of the Social Security Act based on the wages and self-employment income of an applicant with respect to whose application for disability insurance benefits under section 223 of such Act such preceding sentence is applicable.*

(324) ~~(2) Section 223(d)(1) of such Act (added by subsection (c) of this section) shall be applicable in the case of applications for disability insurance benefits filed by individuals the last month of whose waiting period (as defined in section 223(c)(3) of such Act) occurs after the month in which this Act is enacted; except that subparagraph (C) of such section shall be applicable to individuals entitled to disability insurance benefits whose disability (as defined in section 223(c) of the Social Security Act as amended by this Act) ceases in or after the second month following the month in which this Act is enacted.~~

~~(3) Section 223(d)(2) of such Act (added by subsec-~~

~~tion (c) of this section), and the amendments made by subsection (d), shall be applicable in the case of applications for disability insurance benefits under section 223, and for disability determinations under section 216(i), of the Social Security Act filed after the month in which this Act is enacted.~~

~~(4) Section 216(i)(2)(D) of such Act (as amended by subsection (b)(1) of this section) shall apply with respect to a disability (as defined in section 216(i) of such Act as amended by this Act) which ceases in or after the second month following the month in which this Act is enacted.~~

*(2) The amendment made by subsection (e) shall apply in the case of the primary insurance amounts of individuals who attain age 65 after the enactment of this Act.*

PAYMENT OF DISABILITY INSURANCE BENEFITS AFTER ENTITLEMENT TO OTHER MONTHLY INSURANCE BENEFITS

SEC. 304. (a) Section 202(k) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) Any individual who, under this section and section 223, is entitled for any month to both an old-age insurance benefit and a disability insurance benefit under this title shall be entitled to only (325) ~~such disability insurance benefit for such month~~ *the larger of such benefits for such month,*

*except that, if such individual so elects, he shall instead be entitled to only the smaller of such benefits for such month.*"

(b) The heading of section 202 (q) of such Act is amended to read as follows:

"Reduction of Old-Age, Disability, Wife's, Husband's, or Widow's Insurance Benefit Amounts"

(c) Section 202 (q) of such Act is further amended by renumbering paragraphs (2), (3), (4), (5), (6), and (7) as paragraphs (3), (4), (5), (6), (7), and (8) respectively, by renumbering the cross references in such section accordingly, and by inserting after paragraph (1) the following new paragraph:

"(2) If an individual is entitled to a disability insurance benefit for a month after a month for which such individual was entitled to an old-age insurance benefit, such disability insurance benefit for each month shall be reduced by the amount such old-age insurance benefit would be reduced under paragraphs (1) and (4) for such month had such individual attained age 65 in the first month for which he most recently became entitled to a disability insurance benefit."

(d) Subparagraph (B) of paragraph (3) (as redesignated by subsection (c) of this section) of section 202 (q) of such Act is amended by—

(1) striking out "benefit," the first time it appears

and inserting in lieu thereof "benefit and is not entitled to a disability insurance benefit,";

(2) striking out in clause (i) thereof "(1)," and inserting in lieu thereof "(1) for such month, "; and

(3) striking out in clause (ii) thereof "(1)" and inserting in lieu thereof "(1) for such month".

(e) Subparagraph (C) of paragraph (3) (as redesignated by subsection (c) of this section) of section 202 (q) of such Act is amended to read as follows:

"(C) For any month for which such individual is entitled to a disability insurance benefit, such individual's wife's, husband's, or widow's insurance benefit shall be reduced by the sum of—

"(i) the amount by which such disability insurance benefit is reduced under paragraph (2) for such month (if such paragraph applied to such benefit), and

"(ii) the amount by which such wife's, husband's, or widow's insurance benefit would be reduced under paragraph (1) for such month if it were equal to the excess of such wife's, husband's, or widow's insurance benefit (before reduction under this subsection) over such disability insurance benefit (before reduction under this subsection)."

(f) Paragraph (3) (as redesignated by subsection (c) of this section) of section 202 (q) is further amended by add-

ing after (326) ~~paragraph~~ *subparagraph* (E) (added by section 307 (b) (4) of this Act) the following new (327) ~~paragraphs~~ *subparagraphs*:

"(F) If the first month for which an individual is entitled to a disability insurance benefit (when such first month occurs with or after the month in which such individual attains the age of 62) is a month for which such individual is also (or would, but for subsection (e) (1), be) entitled to a widow's insurance benefit to which such individual was first entitled for a month before she attained retirement age, then such disability insurance benefit for each month shall be reduced by whichever of the following is larger:

"(i) the amount by which (but for this subparagraph) such disability insurance benefit would have been reduced under paragraph (2), or

"(ii) the amount equal to the sum of the amount by which such widow's insurance benefit was reduced for the month in which such individual attained retirement age and the amount by which such disability insurance benefit would be reduced under paragraph (2) if it were equal to the excess of such disability insurance benefit (before reduction under this subsection) over

such widow's insurance benefit (before reduction under this subsection).

"(G) If the first month for which an individual is entitled to a disability insurance benefit (when such first month occurs before the month in which such individual attains the age of 62) is a month for which such individual is also (or would, but for subsection (e) (1), be) entitled to a widow's insurance benefit, then such disability insurance benefit for each month shall be reduced by the amount such widow's insurance benefit would be reduced under paragraphs (1) and (4) for such month had such individual attained age 62 in the first month for which he most recently became entitled to a disability insurance benefit."

(g) Paragraph (4) (as redesignated by subsection (c) of this section) of section 202 (q) of such Act is amended by striking out in subparagraph (A) thereof "under" and inserting in lieu thereof: "under paragraph (1) or (3) of".

(h) Paragraph (7) (as redesignated by subsection (c) of this section and as amended by section 307 (b) (7) of this Act) of section 202 (q) of such Act is amended by adding after subparagraph (E) the following new subparagraph:

"(F) in the case of old-age insurance benefits, any

month for which such individual was entitled to a disability insurance benefit."

(i) Paragraph (8) (as redesignated by subsection (c) of this section) of section 202 (q) of such Act is amended by striking out "(1)" and inserting in lieu thereof "(1), (2),".

(j) Section 202 (r) (2) of such Act is amended by inserting after "eligible" the following: "(but for section 202 (k) (4))".

(k) (328) ~~So much of section 215 (a) (4) of such Act as follows clause (B)~~ *Section 215 (a) (4) of such Act* is amended by striking out "such disability insurance benefit" and inserting in lieu thereof "the primary insurance amount upon which such disability insurance benefit is based".

(l) Section 216 (i) (2) of such Act is amended by striking out "(subject to section 223 (a) (3))".

(m) Section 223 (a) (2) of such Act is amended by striking out the word "Such" and inserting in lieu thereof "Except as provided in section 202 (q), such".

(n) Section 223 (a) (3) of such Act is repealed.

(o) The amendments made by this section shall apply with respect to monthly insurance benefits under title II of the Social Security Act for and after the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.

DISABILITY INSURANCE TRUST FUND

SEC. 305. (a) Section 201 (b) (1) of the Social Security Act is amended by inserting "and before January 1, 1966," after "December 31, 1956,", and by inserting after "1954," the following: "and (329)[¾] *0.76* of 1 per centum of the wages (as so defined) paid after December 31, 1965, and so reported,".

(b) Section 201 (b) (2) of such Act is amended by inserting after "December 31, 1956," the following: "and before January 1, 1966, and (330)[9/16] *0.525* of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1965,".

PAYMENT OF CHILD'S INSURANCE BENEFITS AFTER ATTAINMENT OF AGE 18 IN CASE OF CHILD ATTENDING SCHOOL (331)*AND IN CASE OF CHILD BECOMING DISABLED*

SEC. 306. (a) Section 202 (d) (1) (B) of the Social Security Act is amended to read as follows:

"(B) at the time such application was filed was unmarried and (i) either had not attained the age of 18 or was a full-time student and had not attained the age of 22, or (ii) is under a disability (as defined in section 223 (c)) which began before he attained the age of (332)18 ~~and which has lasted or can be~~

~~expected to last a continuous period of at least 6 calendar months or to result in death~~ *22,* and".

(b) (1) So much of the first sentence of section 202 (d) (1) of such Act as follows subparagraph (C) is amended to read as follows:

"shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding whichever of the following first occurs—

"(D) the month in which such child dies, marries, or is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual),

~~(333) "(E) in the case of a child who is not under a disability (as so defined) at the time he attains the age of 18 and who during no part of the month in which he attains such age is a full-time student, the month in which such child attains the age of 18,~~

~~"(F) in the case of a child who is a full-time student during the month in which he attains the age of 18, the first month (beginning after he attains such age) during no part of which he is a full-time student or the month in which he attains the age of 22, whichever occurs earlier, but only if in the third month preceding~~

such earlier month he was not under a disability (as so defined) which began before he attained the age of 18,

"(G) in the case of a child who first becomes entitled to benefits under this subsection for the month in which he attains the age of 18 or a subsequent month and who in the month for which he becomes so entitled is not under a disability (as so defined) which began before he attained the age of 18, the first month (after he becomes so entitled) during no part of which he is a full-time student or the month in which he attains the age of 22, which ever occurs earlier,

"(H) in the case of a child who after he attains the age of 18 ceases to be under a disability (as so defined) which began before he attained the age of 18, and who either—

"(i) attains the age of 22 before the close of the third month following the month in which he ceases to be under such disability, or

"(ii) was a full-time student during no part of the third month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of at least 18 months (or the second month following the month in which he ceases to be under such disability

~~if he has been under a disability for a continuous period of less than 18 months),~~

~~the third month (or the second month) following the month in which he ceases to be under such disability, or~~

~~"(I) in the case of a child who after he attains the age of 18 ceases to be under a disability (as so defined) which began before he attained the age of 18, but who has not attained the age of 22 before the close of the third month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of at least 18 months (or before the close of the second month following the month in which he ceases to be under such disability if he has been under a disability for a continuous period of less than 18 months) and is a full-time student in such third month (or such second month), the earlier of (i) the first month (after such third month or such second month) during no part of which he is a full-time student, or (ii) the month in which he attains the age of 22."~~

*"(E) the month in which such child attains the age of 18 and is not under a disability (as so defined) and is not a full-time student during any part of such month,*

*"(F) the first month after the month in which such child attains the age of 18 and, in such first month, is*

*not under a disability (as so defined) and is not a full-time student during any part of such first month, but only if in the third month preceding such first month he was not under a disability,*

*"(G) the month in which such child attains the age of 22 and is not under a disability (as so defined), but only if in the third month preceding such month he was not under a disability, or*

*"(H) the third month following the month in which he ceases to be under such disability.*

(2) The second sentence of section 202 (d) (1) of such Act is repealed.

(3) Section 202 (d) of such Act is further amended by adding at the end thereof the following new paragraphs:

"(7) A child whose entitlement to child's insurance benefits on the basis of the wages and self-employment income of an insured individual terminated (334) ~~with the month preceding the month in which such child attained the age of 18, or with a subsequent month;~~ *under the preceding provisions of this subsection* may again become entitled to such benefits (provided no event specified in paragraph (1) (D) has occurred) beginning with the first month thereafter in which he is a full-time student and has not attained the age of 22, (335) ~~if he has filed application for such reentitlement. Such reentitlement shall end with~~

~~the month preceding whichever of the following first occurs: The first month during no part of which he is a full-time student, the month in which he attains the age of 22, or the first month in which an event specified in paragraph (1)(D) occurs.~~ *or in which he is under a disability (as defined in section 223(c)) which began before he attained the age of 22, if he also meets the requirements of subparagraphs (A) and (B) of paragraph (1); and such reentitlement shall end thereafter in accordance with the provisions of subparagraph (D), (F), (G), or (H) of paragraph (1).*

"(8) For the purposes of this subsection—

"(A) A 'full-time student' is an individual who is in full-time attendance as a student at an educational institution, as determined by the Secretary (in accordance with regulations prescribed by him) in the light of the standards and practices of the institutions involved, except that no individual shall be considered a 'full-time student' if he is paid by his employer while attending an educational institution at the request, or pursuant to a requirement, of his employer.

"(B) Except to the extent provided in such regulations, an individual shall be deemed to be a full-time student during any period of nonattendance at an educational institution at which he has been in full-time attendance if (i) such period is 4 calendar months or less, and

(ii) he shows to the satisfaction of the Secretary that he intends to continue to be in full-time attendance at an educational institution immediately following such period. An individual who does not meet the requirement of clause (ii) with respect to such period of nonattendance shall be deemed to have met such requirement (as of the beginning of such period) if he is in full-time attendance at an educational institution immediately following such period.

"(C) An 'educational institution' is (i) a school or college or university operated or directly supported by the United States, or by any State or local government or political subdivision thereof, or (ii) a school or college or university which has been approved by a State or accredited by a State-recognized or nationally-recognized accrediting agency or body, or (iii) a nonaccredited school or college or university whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited."

(c) (1) Section 202 of such Act is amended by inserting immediately after subsection (r) the following new subsection:

"Child Aged 18 or Over Attending School

"(s) (1) For the purposes of subsections (b) (1), (g)

(1), (q) (5), and (q) (7) of this section and paragraphs (2), (3), and (4) of section 203 (c), a child who is entitled to child's insurance benefits under subsection (d) for any month, and who has attained the age of 18 but is not in such month under a disability (as defined in section 223 (c)) (336)~~which began before he attained such age~~, shall be deemed not entitled to such benefits for such month, unless he was under such a disability in the third month before such month (337)~~and had been under such disability for a continuous period of at least 18 months (or in the second month if he had been under such disability for a continuous period of less than 18 months)~~.

"(2) Subsection (f) (4), and so much of subsections (338)~~(b) (4)~~ *(b)(3)*, (d) (6), (339)~~(c) (4)~~ *(e)(3)*, (340)~~(g) (4)~~ *(g)(3)*, and (h) (4) of this section as precedes the semicolon, shall not apply in the case of any child unless such child, at the time of the marriage referred to therein, was under a disability (as defined in section 223 (c)) which began before such child attained the age of (341)~~18~~ *22* or had been under such a disability in the third month before the month in which such marriage occurred (342)~~and had been under such disability for a continuous period of at least 18 months (or in the second month if he had been under such disability for a continuous period of less than 18 months)~~.

"(3) Subsections (c) (2) (B) and (f) (2) (B) of this section, so much of subsections (343) ~~(b) (4)~~ *(b)(3)*, (d) (6), (344) ~~(c) (4)~~ *(e)(3)*, (345) ~~(g) (4)~~ *(g)(3)*, and (h) (4) of this section as follows the semicolon, the last sentence of subsection (c) of section 203 subsection (f) (1) (C) of section 203, and subsections (b) (3) (B), (c) (6) (B), (f) (3) (B), and (g) (6) (B) of section 216 shall not apply in the case of any child with respect to any month referred to therein unless in such month or the third month prior thereto such child was under a disability (as defined in section 223 (c)) which began before such child attained the age of (346) ~~18 and had been under such disability for a continuous period of at least 18 months (or in the second month if he had been under such disability for a continuous period of less than 18 months)~~ *22*."

(2) So much of subsection (c) (2) of such section 202 as precedes subparagraph (A) is amended by inserting "(subject to subsection (s))" after "shall".

(3) So much of subsection (d) (6) of such section 202 as follows subparagraph (B) is amended by inserting "but subject to subsection (s)" after "notwithstanding the provisions of paragraph (1)".

(4) So much of subsection (347) ~~(e) (4)~~ *(e)(3)* of such section 202 as follows subparagraph (B) is amended

by inserting "but subject to subsection (s)" after "notwithstanding the provisions of paragraph (1)".

(5) So much of subsection (f) (2) of such section 202 as precedes subparagraph (A) is amended by inserting "(subject to subsection (s))" after "shall".

(6) So much of subsection (f) (4) of such section 202 as follows subparagraph (B) is amended by inserting "but subject to subsection (s)" after "notwithstanding the provisions of paragraph (1)".

(7) So much of the first sentence of subsection (g) (1) of such section 202 as follows subparagraph (F) is amended by inserting "(subject to subsection (s))" after "shall".

(8) So much of subsection (348) ~~(g) (4)~~ *(g) (3)* of such section 202 as follows subparagraph (B) is amended by inserting "but subject to subsection (s)" after "notwithstanding the provisions of paragraph (1)".

(9) So much of subsection (h) (4) of such section 202 as follows subparagraph (B) is amended by inserting "but subject to subsection (s)" after "notwithstanding the provisions of paragraph (1)".

(10) The next to last sentence of subsection (c) of section 203 of such Act is amended by striking out "for any month in which" and inserting in lieu thereof "for any

month in which paragraph (1) of section 202 (s) applies or".

(11) The last sentence of subsection (c) of such section 203 is amended by striking out "No" and inserting in lieu thereof "Subject to paragraph (3) of such section 202 (s), no".

(12) The last sentence of subsection (f) (1) of such section 203 is amended by inserting "but subject to section 202 (s)" after "Notwithstanding the preceding provisions of this paragraph".

(13) Subsections (b), (c), (f), and (g) of section 216 of such Act are each amended by inserting before the period at the end thereof "(subject, however, to section 202 (s))".

(14) Section 222 (b) of such Act is amended by adding at the end thereof the following new paragraph:

"(4) The provisions of paragraph (1) shall not apply to any child entitled to benefits under section 202 (d), if he has attained the age of 18 but has not attained the age of 22, for any month during which he is a full-time student (as defined and determined under section 202 (d))."

(15) Section 225 of such Act is amended by adding at the end thereof the following new sentence: "The first sentence of this section shall not apply to any child entitled to benefits under section 202 (d), if he has attained the age of 18 but has not attained the age of 22, for any month during

which he is a full-time student (as defined and determined under section 202 (d) )."

(d) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act for months after December 1964; except that—

(1) in the case of an individual who was not entitled to a child's insurance benefit under subsection (d) of such section for the month in which this Act is enacted, such amendments shall apply only on the basis of an application filed in or after the month in which this Act is enacted, (348) *and*

(350) ~~(2) section 202 (d) (1) (H) (ii) of such Act (as amended by this section) shall apply only for months after the month in which this Act is enacted; and~~

(351) ~~(3)~~ *(2)* no monthly insurance benefit shall be payable for any month before the second month following the month in which this Act is enacted by reason of section 202 (d) (1) (B) (ii) of the Social Security Act as amended by this section.

REDUCED BENEFITS FOR WIDOWS AT AGE 60

SEC. 307. (a) (1) Paragraph (1) (B) of section 202 (e) of the Social Security Act (as amended by section 308 (b) of this Act) is amended by striking out "age 62" and inserting in lieu thereof "age 60".

(2) Paragraph (2) of such section (as so amended) is amended by striking out "Such" and inserting in lieu thereof "Except as provided in subsection (q), such".

(b) (1) Paragraph (1) of section 202(q) of such Act is amended to read as follows:

"(1) If the first month for which an individual is entitled to an old-age, wife's, husband's, or widow's insurance benefit is a month before the month in which such individual attains retirement age, the amount of such benefit for each month shall, subject to the succeeding paragraphs of this subsection, be reduced by—

"(A) 5/9 of 1 percent of such amount if such benefit is an old-age or widow's insurance benefit, or 25/36 of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit, multiplied by

"(B) (i) the number of months in the reduction period for such benefit (determined under paragraph (6)), if such benefit is for a month before the month in which such individual attains retirement age, or

"(ii) the number of months in the adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains retirement age or for any month thereafter."

(2) Paragraph (3) (A) (as renumbered by section 304 (c) of this Act) of such section is amended—

(A) by striking out "wife's or husband's insurance benefit" each place it appears and inserting in lieu thereof "wife's, husband's, or widow's insurance benefit"; and

(B) by striking out "age 62" and inserting in lieu thereof "age 62 (in the case of a wife's or husband's insurance benefit) or age 60 (in the case of a widow's insurance benefit)".

(3) Paragraph (3) (D) (as so renumbered) of such section is amended by striking out "wife's or husband's" and inserting in lieu thereof "wife's, husband's, or widow's".

(4) Paragraph (3) (as so renumbered) of such section is amended by adding at the end thereof the following new subparagraph:

"(E) If the first month for which an individual is entitled to an old-age insurance benefit (whether such first month occurs before, with, or after the month in which such individual attains the age of 65) is a month for which such individual is also (or would, but for subsection (e) (1), be) entitled to a widow's insurance benefit to which such individual was first entitled for a month before she attained retirement age, then such old-age insurance benefit shall be reduced by whichever of the following is the larger:

"(i) the amount by which (but for this subparagraph) such old-age insurance benefit would have been reduced under paragraph (1), or

"(ii) the amount equal to the sum of the amount by which such widow's insurance benefit was reduced for the month in which such individual attained retirement age and the amount by which such old-age insurance benefit would be reduced under paragraph (1) if it were equal to the excess of such old-age insurance benefit (before reduction under this subsection) over such widow's insurance benefit (before reduction under this subsection)."

(5) Paragraph (5) (as so renumbered) of such section is amended by adding at the end thereof the following new subparagraph:

"(D) No widow's insurance benefit for a month in which she has in her care a child of her deceased husband (or deceased former husband) entitled to child's insurance benefits shall be reduced under this subsection below the amount to which she would have been entitled had she been entitled for such month to mother's insurance benefits on the basis of her deceased husband's (or deceased former husband's) wages and self-employment income."

(6) Paragraph (6) (as so renumbered) of such section is amended—

(A) by striking out "wife's, or husband's" and inserting in lieu thereof "wife's, husband's, or widow's";

(B) by striking out "or husband's" in subparagraph (A) (i) and inserting in lieu thereof ", husband's, or widow's"; and

(C) by striking out "age 65" in subparagraph (B) and inserting in lieu thereof "retirement age".

(7) Paragraph (7) (as so renumbered) of such section is amended—

(A) by striking out "wife's, or husband's" and inserting in lieu thereof "wife's, husband's, or widow's"; and

(B) by striking out "and" at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a comma, and by adding at the end thereof the following new subparagraphs:

"(D) in the case of widow's insurance benefits, any month in which the reduction in the amount of such benefit was determined under paragraph (5) (D),

"(E) in the case of widow's insurance benefits, any month before the month in which she attained retirement age for which she was not entitled to such benefit because of the occurrence of an event that terminated her entitlement to such benefits, and".

(8) Section 202(q) of such Act (as amended by section 304(c) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(9) For purposes of this subsection, the term 'retirement age' means age 65 with respect to an old-age, wife's, or husband's insurance benefit and age 62 with respect to a widow's insurance benefit."

(c) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act for and after the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.

WIFE'S AND WIDOW'S BENEFITS FOR DIVORCED WOMEN

SEC. 308. (a) Section 202(b) of the Social Security Act is amended to read as follows:

"Wife's Insurance Benefits

"(b) (1) The wife (as defined in section 216(b)) and every divorced wife (as defined in section 216(d)) of an individual entitled to old-age or disability insurance benefits, if such wife or such divorced wife—

"(A) has filed application for wife's insurance benefits,

"(B) has attained age 62 or (in the case of a wife) has in her care (individually or jointly with such indi-

vidual) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of such individual,

"(C) in the case of a divorced wife, (352) ~~has not remarried~~ *is not married*,

"(D) in the case of a divorced wife, was receiving at least one-half of her support, as determined in accordance with regulations prescribed by the Secretary, from such individual, or was receiving substantial contributions from such individual (pursuant to a written agreement) or there was in effect a court order for substantial contributions to her support from such individual—

"(i) if he had a period of disability which did not end before the month in which he became entitled to old-age or disability insurance benefits, at the beginning of such period or at the time he became entitled to such benefits, or

"(ii) if he did not have such a period of disability, at the time he became entitled to old-age insurance benefits, and

"(E) is not entitled to old-age or disability insurance benefits, or is entitled to old-age or disability insurance benefits based on a primary insurance amount which is less than one-half of the primary insurance amount of such individual,

shall (subject to subsection (s)) be entitled to a wife's insurance benefit for each month, beginning with the first month in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs—

"(F) she dies,

"(G) such individual dies,

"(H) in the case of a wife, they are divorced and either (i) she has not attained age 62, or (ii) she has attained age 62 but has not been married to such individual for a period of 20 years immediately before the date the divorce became effective,

"(I) in the case of a divorced wife, she marries a person other than such individual,

"(J) in the case of a wife who has not attained age 62, no child of such individual is entitled to a child's insurance benefit,

"(K) she becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of the primary insurance amount of such individual, or

"(L) such individual is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.

"(2) Except as provided in subsection (q), such wife's insurance benefit for each month shall be equal to one-half of the primary insurance amount of her husband (or, in the case of a divorced wife, her former husband) for such month.

~~(353)~~ ~~"(3) In the case of any divorced wife of an individual—~~

~~"(A) who marries another individual, and~~

~~"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by divorce which occurs within 20 years after such marriage,~~

~~the marriage to the individual referred to in subparagraph (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month before whichever of the following is the latest: (i) the month after the month in which the divorce referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such divorced wife files application for purposes of this paragraph, or (iii) the second month after the month in which this paragraph is enacted.~~

"~~(354)~~ ~~(4)~~ *(3)* In the case of any divorced wife who marries—

"(A) an individual entitled to benefits under subsection (f) or (h) of this section, or

"(B) an individual who has attained the age of 18 and is entitled to benefits under subsection (d),

such divorced wife's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1) (but subject to subsection (s)), not be terminated by reason of such marriage; except that, in the case of such a marriage to an individual entitled to benefits under subsection (d), the preceding provisions of this paragraph shall not apply with respect to benefits for months after the last month for which such individual is entitled to such benefits under subsection (d) unless he ceases to be so entitled by reason of his death."

(b) (1) Paragraphs (1) and (2) of section 202 (e) of such Act are amended to read as follows:

"(1) The widow (as defined in section 216 (c)) and every surviving divorced wife (as defined in section 216 (d)) of an individual who died a fully insured individual, if such widow or such surviving divorced wife—

"(A) (355) ~~has not remarried,~~ *is not married*,

"(B) has attained age 62,

"(C) (i) has filed application for widow's insurance benefits, or was entitled, after attainment of age 62, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained age 62,

"(D) in the case of a surviving divorced wife (356)*who was not entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died,* was receiving at least one-half of her support, as determined in accordance with regulations prescribed by the Secretary, from such individual, or was receiving substantial contributions from such individual (pursuant to a written agreement) or there was in effect a court order for substantial contributions to her support from such individual—

"(i) at the time of his death (or, if such individual had a period of disability which did not end prior to the month in which he died, at the time such period began or at the time of his death), or

"(ii) at the time he became entitled to old-age insurance benefits or disability insurance benefits (or, if such individual had a period of disability which did not end before the month in which he became entitled to such benefits, at the time such

period began or at the time he became entitled to such benefits), and

"(E) is not entitled to old-age insurance benefits or is entitled to old-age insurance benefits each of which is less than 82½ percent of the primary insurance amount of such deceased individual,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of such deceased individual.

"(2) Such widow's insurance benefit for each month shall be equal to 82½ percent of the primary insurance amount of such deceased individual."

~~(357) (2) Paragraphs (3) and (4) of section 202 (e) of such Act are amended by striking out "widow" each place it appears and inserting in lieu thereof "widow or surviving divorced wife".~~

~~(3) Paragraph (4) of section 202 (e) of such Act is amended by striking out "widow's" and inserting in lieu thereof "widow's or surviving divorced wife's".~~

~~(4) Section 202(e) of such Act is further amended by adding at the end thereof the following new paragraph:~~

~~"(5) In the case of any widow or surviving divorced wife of an individual—~~

~~"(A) who marries another individual, and~~

~~"(B) Whose marriage to the individual referred to in subparagraph (A) is terminated by divorce which occurs within 20 years after such marriage,~~

~~the marriage to the individual referred to in subparagraph (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month before whichever of the following is the latest: (i) the month after the month in which the divorce referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or surviving divorced wife files application for purposes of this paragraph, or (iii) the second month after the month in which this paragraph is enacted."~~

*(2) Paragraph (3) of section 202(e) of such Act is repealed.*

*(3) Section 202(e) of such Act is amended by redesignating paragraph (4) as paragraph (3) and such paragraph is further amended by striking out "widow" and inserting in lieu thereof "widow or surviving divorced wife"*

*and by striking out "widow's" and inserting in lieu thereof "widow's or surviving divorced wife's".*

(c) Section 216 (d) of such Act is amended to read as follows:

"Divorced Wives; Divorce

"(d) (1) The term 'divorced wife' means a woman divorced from an individual, but only if she had been married to such individual for a period of 20 years immediately before the date the divorce became effective.

"(2) The term 'surviving divorced wife' means a woman divorced from an individual who has died, but only if she had been married to the individual for a period of 20 years immediately before the date the divorce became effective.

"(3) The term 'surviving divorced mother' means a woman divorced from an individual who has died, but only if (A) she is the mother of his son or daughter, (B) she legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of 18, (C) he legally adopted her son or daughter while she was married to him and while such son or daughter was under the age of 18, or (D) she was married to him at the time both of them legally adopted a child under the age of 18.

"(4) The terms 'divorce' and 'divorced' refer to a divorce a vinculo matrimonii."

(d) (1) Section 202 (c) (1) of such Act is amended by striking out "divorced a vinculo matrimonii," and inserting in lieu thereof "divorced,".

(2) (A) Subsections (d) (6) (A), (f) (4) (A), and (h) (4) (A) of section 202 of such Act are each amended by inserting "(b)," before "(e),".

(B) Subsections (b) and (c) of section 216 of such Act are each amended by striking out "(e) or" and inserting in lieu thereof "(b), (e), or".

(358) *(3) Subparagraph (A) of section 202(g)(1) of such Act is amended by striking out "has not remarried" and inserting in lieu thereof "is not married".*

(359) ~~(3)~~ *(4)* Subparagraph (F) of section 202 (g) (1) of such Act is amended to read as follows:

"(F) in the case of a surviving divorced mother—

"(i) at the time of such individual's death (or, if such individual had a period of disability which did not end before the month in which he died, at the time such period began or at the time of such death)—

"(I) she was receiving at least one-half of her support, as determined in accordance with regulations prescribed by the Secretary, from such individual, or

"(II) she was receiving substantial contributions from such individual (pursuant to a written agreement), or

"(III) there was a court order for substantial contributions to her support from such individual,

"(ii) the child referred to in subparagraph (E) is her son, daughter, or legally adopted child, and

"(iii) the benefits referred to in such subparagraph are payable on the basis of such individual's wages and self-employment income,".

~~(360) (4) Section 202(g) of such Act is amended by adding the following new paragraph:~~

~~"(5) In the case of any widow or surviving divorced mother—~~

~~"(A) who marries another individual, and~~

~~"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by divorce which occurs within 20 years after such marriage,~~

~~the marriage to the individual referred to in subparagraph (A) shall, for the purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the~~

~~month after the month in which the divorce referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow or surviving divorced mother files application for purposes of this paragraph, or (iii) the second month after the month in which this paragraph is enacted."~~

(5) Section 202 (g) of such Act is further amended by striking out "former wife divorced" each place it appears and inserting in lieu thereof "surviving divorced mother".

(6) Section 203 (a) of such Act (as amended by section 301 (c) of this Act) is amended by striking out the period at the end of the first sentence and inserting in lieu thereof ", or" and by adding the following new paragraph:

"(3) when any of such individuals is entitled to monthly benefits as a divorced wife under section 202 (b) or as a surviving divorced wife under section 202 (e) for any month, the benefit to which she is entitled on the basis of the wages and self-employment income of such insured individual for such month shall be determined without regard to this subsection, and the benefits of all other individuals who are entitled for such month to monthly benefits under section 202 on the wages and self-employment income of such insured individual shall be determined as if no such divorced wife

or surviving divorced wife were entitled to benefits for such month."

(7) Section 203(c)(4) of such Act is amended by striking out "former wife divorced" and inserting in lieu thereof "surviving divorced mother".

(8) Section 203(d)(1) of such Act is amended by striking out "wife," and inserting in lieu thereof "wife, divorced wife,".

(9) The second sentence of section 205(b) of such Act is amended by striking out "wife, widow, former wife divorced," and inserting in lieu thereof "wife, divorced wife, widow, surviving divorced wife, surviving divorced mother,".

(10) Section 205(c)(1)(C) of such Act is amended by striking out "former wife divorced," and inserting in lieu thereof "surviving divorced wife, surviving divorced mother,".

(11) Section 222(b)(3) of such Act is amended by inserting "divorced wife," after "wife,".

(361)*(12) Paragraph (3) of section 202(g) of such Act is repealed.*

*(13) Section 202(g) of such Act is amended by redesignating paragraph (4) as paragraph (3).*

(e) The amendments made by this section shall be applicable with respect to monthly insurance benefits under title

II of the Social Security Act beginning with the second month following the month in which this Act is enacted; but, in the case of an individual who was not entitled to a monthly insurance benefit under section 202 of such Act for the first month following the month in which this Act is enacted, only on the basis of an application filed in or after the month in which this Act is enacted.

TRANSITIONAL INSURED STATUS

SEC. 309. (a) Title II of the Social Security Act is further amended by adding at the end thereof (after the new section 226 added by section 101 of this Act) the following new section:

"TRANSITIONAL INSURED STATUS

"SEC. 227. (a) In the case of any individual who attains the age of 72 before 1969 but who does not meet the requirements of section 214(a), the 6 quarters of coverage referred to in so much of paragraph (1) of section 214(a) as follows clause (C) shall, instead, be 3 quarters of coverage for purposes of determining entitlement of such individual to benefits under section 202(a), and of his wife to benefits under section 202(b), but, in the case of such wife, only if she attains the age of 72 before 1969 and only with respect to wife's insurance benefits under section 202(b) for and after the month in which she attains such age. For each month before the month in which any such individual meets

the requirements of section 214 (a), the amount of his old-age insurance benefit shall, notwithstanding the provisions of section 202 (a), be $35 and the amount of the wife's insurance benefit of his wife shall, notwithstanding the provisions of section 202 (b), be $17.50.

"(b) In the case of any individual who has died, who does not meet the requirements of section 214 (a), and whose widow attains age 72 before 1969, the 6 quarters of coverage referred to in paragraph (3) of section 214 (a) and in so much of paragraph (1) thereof as follows clause (C) shall, for purposes of determining her entitlement to widow's insurance benefits under section 202 (e), instead be—

"(1) 3 quarters of coverage if such widow attains the age of 72 in or before 1966,

"(2) 4 quarters of coverage if such widow attains the age of 72 in 1967, or

"(3) 5 quarters of coverage if such widow attains the age of 72 in 1968.

The amount of her widow's insurance benefit for each month shall, notwithstanding the provisions of section 202 (e) (and section 202 (m)), be $35.

"(c) In the case of any individual who becomes, or upon filing application therefor would become, entitled to benefits under section 202 (a) by reason of the application of subsection (a) of this section, who dies, and whose widow

attains the age of 72 before 1969, such deceased individual shall be deemed to meet the requirements of subsection (b) of this section for purposes of determining entitlement of such widow to widow's insurance benefits under section 202 (e)."

(b) The amendment made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for and after the second month following the month in which this Act is enacted on the basis of applications filed in or after the month in which this Act is enacted.

INCREASE IN AMOUNT AN INDIVIDUAL IS PERMITTED TO EARN WITHOUT SUFFERING FULL DEDUCTIONS FROM BENEFITS

~~(362) SEC. 310. (a) Paragraph (3) of section 203 (f) of the Social Security Act is amended by striking out "$500" wherever it appears therein and inserting in lieu thereof "$1,200".~~

*SEC. 310. (a)(1) Paragraphs (1), (3), and (4)(B) of subsection (f) of section 203 of the Social Security Act are each amended by striking out "$100" wherever it appears therein and inserting in lieu thereof "$150".*

*(2) The first sentence of paragraph (3) of such subsection (f) is amended by striking out "$500" each place it appears therein and inserting in lieu thereof "$1,200".*

*(3) Paragraph (1) (A) of subsection (h) of section*

*203 of such Act is amended by striking out "$100" and inserting in lieu thereof "$150".*

(b) The amendments made by subsection (a) shall apply with respect to taxable years ending after December 31, 1965.

COVERAGE FOR DOCTORS OF MEDICINE

SEC. 311. (a) (1) Section 211 (c) (5) of the Social Security Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a Christian Science practitioner."

(2) Section 211 (c) of such Act is further amended by striking out the last two sentences and inserting in lieu thereof the following: "The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under section 1402 (e) of the Internal Revenue Code of 1954 is in effect."

(3) Section 210 (a) (6) (C) (iv) of such Act is amended by inserting before the semicolon at the end thereof the following: ", other than as a medical or dental intern or a medical or dental resident in training".

(4) Section 210(a)(13) of such Act is amended by striking out all that follows the first semicolon.

(b)(1) Section 1402(c)(5) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a Christian Science practitioner."

(2) Section 1402(c) of such Code is further amended by striking out the last two sentences and inserting in lieu thereof the following: "The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by him under subsection (e) is in effect."

(3)(A) Section 1402(e)(1) of such Code (relating to filing of waiver certificate by ministers, members of religious orders, and Christian Science practitioners) is amended by striking out "extended to service" and all that follows and inserting in lieu thereof "extended to service described in subsection (c)(4) or (c)(5) performed by him."

(B) Clause (A) of section 1402(e)(2) of such Code (relating to time for filing waiver certificate) is amended to read as follows: "(A) the due date of the return (includ-

ing any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to subsections (c) (4) and (c) (5)) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (4) or (c) (5); or".

(4) Section 3121 (b) (6) (C) (iv) of such Code (relating to definition of employment) is amended by inserting before the semicolon at the end thereof the following: ", other than as a medical or dental intern or a medical or dental resident in training".

(5) Section 3121 (b) (13) of such Code is amended by striking out all that follows the first semicolon.

(c) The amendments made by paragraphs (1) and (2) of subsection (a), and by paragraphs (1), (2), and (3) of subsection (b), shall apply only with respect to taxable years ending (363) *on or* after December 31, 1965. The amendments made by paragraphs (3) and (4) of subsection (a), and by paragraphs (4) and (5) of subsection (b), shall apply only with respect to services performed after 1965.

GROSS INCOME OF FARMERS

SEC. 312. (a) The second sentence following paragraph (8) in section 211 (a) of the Social Security Act is amended by striking out "$1,800" each place it appears and inserting

in lieu thereof "$2,400", and by striking out "$1,200" each place it appears and inserting in lieu thereof "$1,600".

(b) The second sentence following paragraph (9) in section 1402 (a) of the Internal Revenue Code of 1954 (relating to net earnings from self-employment) is amended by striking out "$1,800" each place it appears and inserting in lieu thereof "$2,400", and by striking out "$1,200" each place it appears and inserting in lieu thereof "$1,600".

(c) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1965.

~~(364) COVERAGE OF TIPS~~

~~SEC. 313. (a) (1) Section 209 of the Social Security Act is amended by striking out "or" at the end of subsection (j), by striking out the period at the end of subsection (k) and inserting in lieu thereof "; or", and by adding immediately after subsection (k) the following new subsection:~~

~~"(l) (1) Tips paid in any medium other than cash;~~

~~"(2) Cash tips received by an employee in any calendar month in the course of his employment by an employer unless the amount of such cash tips is $20 or more."~~

~~(2) Section 209 of such Act is further amended by adding at the end thereof the following new paragraph:~~

~~"For purposes of this title, tips received by an employee in the course of his employment shall be considered remu-~~

neration for employment. Such tips shall be deemed to be paid to the employee by the employer and shall be deemed to be so paid at the time a written statement including such tips is furnished to the employer pursuant to section 6053(a) of the Internal Revenue Code of 1954 or (if no statement including such tips is so furnished) at the time received."

(b) Section 451 of the Internal Revenue Code of 1954 (relating to general rule for taxable year of inclusion) is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL RULE FOR EMPLOYEE TIPS.—For purposes of subsection (a), tips included in a written statement furnished an employer by an employee pursuant to section 6053(a) shall be deemed to be received at the time the written statement including such tips is furnished to the employer."

(c)(1) Section 3102 of such Code (relating to deduction of tax from wages) is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL RULE FOR TIPS.—

"(1) In the case of tips which constitute wages, subsection (a) shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053(a), and only to the extent that collection can be made by the employer, at

or after the time such statement is so furnished and before the close of the 10th day following the calendar month in which the tips were received, by deducting the amount of the tax from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer pursuant to paragraph (2)) as are under control of the employer.

"(2) If the tax imposed by section 3101, with respect to tips received by an employee during a calendar month which are included in written statements furnished to the employer pursuant to section 6053(a), exceeds the wages of the employee (excluding tips) from which the employer is required to collect the tax under paragraph (1), the employee shall furnish to the employer on or before the 10th day of the following month an amount of money equal to the amount of the excess.

"(3) The Secretary or his delegate may, under regulations prescribed by him, authorize employers—

"(A) to estimate the amount of tips that will be reported by the employee pursuant to section 6053 in any quarter of the calendar year;

"(B) to determine the amount to be deducted upon each payment of wages (exclusive of tips)

during such quarter as if the tips so estimated constituted the actual tips so reported, and

"(C) to deduct upon any payment of wages (other than tips) to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted upon such wages of the employee during the quarter to the amount required to be deducted during the quarter without regard to this paragraph."

(2) The second sentence of section 3102(a) of such Code is amended by inserting before the period at the end thereof the following: "; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053(a) to which paragraph (12)(B) of section 3121(a) is applicable may deduct an amount equivalent to such tax with respect to such tips from any wages of the employee (exclusive of tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20".

(3) Section 3121(a) of such Code (relating to definition of wages under the Federal Insurance Contributions

Act) is amended by striking out "or" at the end of paragraph (10), by striking out the period at the end of paragraph (11) and inserting in lieu thereof "; or", and by adding after paragraph (11) the following new paragraph:

"(12) (A) tips paid in any medium other than cash;

"(B) cash tips received by an employee in any calendar month in the course of his employment by an employer unless the amount of such cash tips is $20 or more."

(4) Section 3121 of such Code is further amended by adding at the end thereof the following new subsection:

"(q) TIPS.—For purposes of this chapter, tips received by an employee in the course of his employment shall be considered remuneration for employment. Such tips shall be deemed to be paid to the employee by the employer, and shall be deemed to be so paid at the time a written statement including such tips is furnished to the employer pursuant to section 6053(a) or (if no statement including such tips is so furnished) at the time received."

(d) (1) Section 3401 of such Code (relating to definitions for purposes of collecting income tax at source on wages) is amended by adding at the end thereof the following new subsection:

"(f) TIPS.—For purposes of subsection (a), the term

'wages' includes tips received by an employee in the course of his employment. Such tips shall be deemed to be paid to the employee by the employer, and shall be deemed to be so paid at the time a written statement including such tips is furnished to the employer pursuant to section 6053(a) or (if no statement including such tips is so furnished) at the time received."

(2) Section 3401(a) of such Code (relating to definition of wages for purposes of collecting income tax at source) is amended by striking out "; or" at the end of paragraph (6) and inserting in lieu thereof "; or", by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) (A) as tips in any medium other than cash;

"(B) as cash tips to an employee in any calendar month in the course of his employment by an employer unless the amount of such cash tips is $20 or more."

(3) Subsection (a) of section 3402 of such Code (relating to income tax collected at source) is amended by striking out "subsection (j)" and inserting in lieu thereof "subsections (j) and (k)".

(4) Section 3402 of such Code is further amended by adding at the end thereof the following new subsection:

"(k) TIPS.—In the case of tips which constitute wages, subsection (a) shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053(a), and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which the employee receives the tips which are included in such statement, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053(a) to which paragraph (16)(B) of section 3401(a) is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than $20. Such tax shall not at any time be deducted and withheld in an amount which exceeds

the aggregate of such wages and funds minus any tax required by section 3102(a) to be collected from such wages."

(c)(1) Section 6051(a) of such Code (relating to receipts for employees) is amended by adding at the end thereof the following new sentence: "In the case of tips received by an employee in the course of his employment, the amounts required to be shown by paragraph (3) shall include only such tips as are included in statements furnished to the employer pursuant to section 6053(a); and the amounts required to be shown by paragraph (5) shall include only such tips as are reported by the employee to the employer pursuant to section 6053(b)."

(2)(A) Subpart C of part III of subchapter A of chapter 61 of such Code (relating to information regarding wages paid employees) is amended by adding at the end thereof the following new section:

**"SEC. 6053. REPORTING OF TIPS.**

"(a) Every employee who, in the course of his employment by an employer, receives in any calendar month tips which are wages (as defined in section 3121(a) or section 3401(a)) shall report all such tips in one or more written statements furnished to his employer on or before the 10th day following such month. Such statements shall be furnished by the employee under such regulations, at such other

times before such 10th day, and in such form and manner, as may be prescribed by the Secretary or his delegate.

"(b) For purposes of sections 3102(c), 3111, 6051(a), and 6652(c), tips received in any calendar month shall be considered reported pursuant to this section only if they are included in such a statement furnished to the employer on or before the 10th day following such month and only to the extent that the tax imposed with respect to such tips by section 3101 can be collected by the employer under section 3102."

(B) The table of sections for such subpart C is amended by adding at the end thereof the following:

"Sec. 6053. Reporting of tips."

(3) Section 6652 of such Code (relating to failure to file certain information returns) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) FAILURE TO REPORT TIPS.—In the case of tips to which section 6053(a) applies, if the employee fails to report any of such tips to the employer pursuant to section 6053(b), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be paid by the employee, in addition to the tax imposed by section 3101 with respect to the amount of the tips which he so failed to report, an amount equal to such tax."

~~(f) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act), as amended by section 321 of this Act, is amended by adding at the end thereof the following new subsection:~~

~~"(e) TIPS.—In the case of tips which constitute wages, the tax imposed by this section shall be applicable only to such tips as are reported by the employee to the taxpayer pursuant to section 6053(b)."~~

~~(g) The amendments made by this section shall apply only with respect to tips received by employees after 1965.~~

*COVERAGE OF TIPS*

*SEC. 313. (a) Section 211(c) of the Social Security Act, as amended by section 311 of this Act, is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (2) shall not have the effect of excluding cash tips received by an employee in the course of service which constitutes employment under this title, on his own behalf and not on behalf of another person, from 'net earnings from self-employment'; except that (i) this sentence shall not apply in the case of tips which constitute remuneration for employment under this title, and (ii) in applying subsection (a) with respect to tips to which this sentence is applicable, only the deductions attributable to such tips shall be taken into account."*

*(b) Section 1402(c) of the Internal Revenue Code of*

*1954 (relating to definition of trade or business), as amended by section 311 of this Act, is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (2) shall not have the effect of excluding cash tips received by an employee in the course of service which constitutes employment under chapter 21, on his own behalf and not on behalf of another person, from 'net earnings from self-employment': except that (i) this sentence shall not apply in the case of tips which constitute remuneration for employment under chapter 21, and (ii) in applying subsection (a) with respect to tips to which this sentence is applicable, only the deductions attributable to such tips shall be taken into account."*

*(c) The amendments made by this section shall apply only with respect to taxable years beginning after December 31, 1965.*

INCLUSION OF ALASKA (365)~~AND KENTUCKY~~ AMONG STATES PERMITTED TO DIVIDE THEIR RETIREMENT SYSTEMS

(366)~~SEC. 314. The first sentence of section 218 (d) (6) (C) of the Social Security Act is amended—~~

~~(1) by inserting "Alaska," before "California";~~ ~~and~~

~~(2) by inserting "Kentucky," before "Massachusetts".~~

*SEC. 314. The first sentence of section 218(d)(6)(C) of the Social Security Act is amended by inserting "Alaska," before "California".*

ADDITIONAL PERIOD FOR ELECTING COVERAGE UNDER DIVIDED RETIREMENT SYSTEM

SEC. 315. The first sentence of section 218 (d) (6) (F) of the Social Security Act is amended by striking out "1963" and inserting in lieu thereof "1967".

EMPLOYEES OF NONPROFIT ORGANIZATIONS

SEC. 316. (a) (1) Section 3121 (k) (1) (B) (iii) of the Internal Revenue Code of 1954 (relating to effective date of exemption of religious, charitable, and certain other organizations) is amended to read as follows:

"(iii) the first day of any calendar quarter preceding the calendar quarter in which the certificate is filed, except that such date may not be earlier than the first day of the twentieth calendar quarter preceding the quarter in which such certificate is filed."

(2) The amendment made by paragraph (1) shall apply in the case of any certificate filed under section 3121 (k) (1) (A) of such Code after the date of the enactment of this Act.

~~(367) (b) Section 3121 (k) (1) of such Code (relating to waiver of exemption by religious, charitable, and certain~~

~~other organizations)~~ ~~is further amended by adding at the end thereof the following new subparagraph:~~

~~"(H) An organization which files a certificate under subparagraph (A) before 1966 may amend such certificate during 1965 or 1966 to make the certificate effective with the first day of any calendar quarter preceding the quarter for which such certificate originally became effective, except that such date may not be earlier than the first day of the twentieth calendar quarter preceding the quarter in which such certificate is so amended."~~

*(b) Section 3121(k)(1) of such Code (relating to waiver of exemption by religious, charitable, and certain other organizations) is further amended by adding at the end thereof the following new subparagraph:*

*"(H) An organization which files a certificate under subparagraph (A) before 1966 may amend such certificate during 1965 or 1966 to make the certificate effective with the first day of any calendar quarter preceding the quarter for which such certificate originally became effective, except that such date may not be earlier than the first day of the twentieth calendar quarter preceding the quarter in which such certificate is so amended. If an organization amends its certificate pursuant to the preced-*

*ing sentence, such amendment shall be effective with respect to the service of individuals who concurred in the filing of such certificate (initially or through the filing of a supplemental list) and who concur in the filing of such amendment. An amendment to a certificate filed pursuant to this subparagraph shall be filed with such official and in such form and manner as may be prescribed by regulations made under this chapter. If an amendment is filed pursuant to this subparagraph—*

*"(i) for purposes of computing interest and for purposes of section 6651 (relating to addition to tax for failure to file tax return), the due date for the return and payment of the tax for any calendar quarter resulting from the filing of such an amendment shall be the last day of the calendar month following the calendar quarter in which the amendment is filed; and*

*"(ii) the statutory period for the assessment of such tax shall not expire before the expiration of three years from such due date."*

(c) (1) Section 105 (b) of the Social Security Amendments of 1960 is amended to read as follows:

"(b) (1) If—

"(A) an individual performed service in the

employ of an organization with respect to which remuneration was paid before the first day of the calendar quarter in which the organization filed a waiver certificate pursuant to section 3121 (k) (1) of the Internal Revenue Code of 1954, and such service is excepted from employment under section 210 (a) (8) (B) of the Social Security Act,

"(B) such service would have constituted employment as defined in section 210 of such Act if the requirements of section 3121 (k) (1) of such Code were satisfied,

"(C) such organization paid, on or before the due date of the tax return for the calendar quarter before the calendar quarter in which the organization filed a certificate pursuant to section 3121 (k) (1) of such Code, any amount, as taxes imposed by sections 3101 and 3111 of such Code, with respect to such remuneration paid by the organization to the individual for such service,

"(D) such individual, or a fiduciary acting for such individual or his estate, or his survivor (within the meaning of section 205 (c) (1) (C) of such Act), requests that such remuneration be deemed to constitute remuneration for employment for purposes of title II of such Act, and

"(E) the request is made in such form and manner, and with such official, as may be prescribed by regulations made by the Secretary of Health, Education, and Welfare,

then, subject to the conditions stated in paragraphs (2), (3), (4), and (5), the remuneration with respect to which the amount has been paid as taxes shall be deemed to constitute remuneration for employment for purposes of title II of such Act.

"(2) Paragraph (1) shall not apply with respect to an individual unless the organization referred to in paragraph (1) (A), on or before the date on which the request described in paragraph (1) is made, has filed a certificate pursuant to section 3121 (k) (1) of such Code.

"(3) Paragraph (1) shall not apply with respect to an individual who is employed by the organization referred to in paragraph (2) on the date the certificate is filed.

"(4) If credit or refund of any portion of the amount referred to in paragraph (1) (C) (other than a credit or refund which would be allowed if the service constituted employment for purposes of chapter 21 of such Code) has been obtained, paragraph (1) shall not apply with respect to the individual unless the amount credited or refunded (including any interest under section 6611 of such Code)

is repaid before January 1, 1968, or, if later, the first day of the third year after the year in which the organization filed a certificate pursuant to section 3121 (k) (1) of such Code.

"(5) Paragraph (1) shall not apply to any service performed for the organization in a period for which a certificate filed pursuant to section 3121 (k) (1) of such Code is not in effect."

(2) The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act. The provisions of section 105 (b) of the Social Security Amendments of 1960 which were in effect before the date of the enactment of this Act shall be applicable with respect to any request filed under section 105 (b) (1) of such Amendments before such date. Nothing in the preceding sentence shall prevent the filing of a request under section 105 (b) (1) of such Amendments as amended by this Act.

(368) *(d) If—*

*(1) an individual performed service with respect to which remuneration was paid before the date of enactment of this Act by an organization which, before such date, filed a waiver certificate pursuant to section 3121 (k) (1) of the Internal Revenue Code,*

*(2) such service is excluded from employment under*

*title II of the Social Security Act but would not be excluded therefrom if the requirements of such section 3121(k)(1) had been met with respect to such service,*

*(3) such service was performed during the period such certificate was in effect, and*

*(4) such individual was listed pursuant to such section 3121(k)(1) at any time during such period and before the date of enactment of this Act as an employee who concurred in the filing of such certificate or such individual filed a request for coverage pursuant to section 105(b) of the Social Security Amendments of 1960, as in effect prior to the enactment of this Act (but such listing or request was not effective with respect to the service described above),*

*then, subject to the conditions stated in subparagraphs (B), (C), (D), and (E) of paragraph (1), and paragraph (4), of section 105(b) of the Social Security Amendments of 1960, as amended by this section, the remuneration of such individual which was paid with respect to such excluded service shall be deemed to constitute remuneration for employment for purposes of such title II; except that, for purposes of this subsection, in applying subparagraph (C) of paragraph (1) of such section 105(b) the date of enactment of this Act shall be considered to be the date on which the organization filed its certificate under section 3121(k)(1)*

*and any reference, in paragraph (4) of such section, to such paragraph (1) shall be considered a reference to the preceding provisions of this subsection.*

COVERAGE OF TEMPORARY EMPLOYEES OF THE DISTRICT OF COLUMBIA

SEC. 317. (a) Section 210 (a) (7) of the Social Security Act is amended—

(1) by striking out "or" at the end of subparagraph (B),

(2) by striking out the semicolon at the end of subparagraph (C) (ii) and inserting in lieu thereof ", or", and

(3) by adding after subparagraph (C) the following new subparagraph:

"(D) service performed in the employ of the District of Columbia or any instrumentality which is wholly owned thereby, if such service is not covered by a retirement system established by a law of the United States; except that the provisions of this subparagraph shall not be applicable to service performed—

"(i) in a hospital or penal institution by a patient or inmate thereof;

"(ii) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses,

and other student employees of hospitals of the District of Columbia Government; 5 U.S.C. 1052), other than as a medical or dental intern or as a medical or dental resident in training;

"(iii) by any individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency; or

"(iv) by a member of a board, committee, or council of the District of Columbia, paid on a per diem, meeting, or other fee basis;".

(b) Section 3121 (b) (7) of the Internal Revenue Code of 1954 (relating to certain services not included in definition of employment) is amended—

(1) by striking out "or" at the end of subparagraph (A),

(2) by striking out the semicolon at the end of subparagraph (B) and inserting in lieu thereof ", or", and

(3) by adding after subparagraph (B) the following new subparagraph:

"(C) service performed in the employ of the District of Columbia or any instrumentality which is wholly owned thereby, if such service is not covered by a retirement system established by a law of the United States; except that the provisions of this

subparagraph shall not be applicable to service performed—

"(i) in a hospital or penal institution by a patient or inmate thereof;

"(ii) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the District of Columbia Government; 5 U.S.C. 1052), other than as a medical or dental intern or as a medical or dental resident in training;

"(iii) by any individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood or other similar emergency; or

"(iv) by a member of a board, committee, or council of the District of Columbia, paid on a per diem, meeting, or other fee basis;".

(c) (1) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam and American Samoa) is amended by adding at the end thereof the following new subsection:

"(c) DISTRICT OF COLUMBIA.—In the case of the taxes imposed by this chapter with respect to service performed in the employ of the District of Columbia or in

the employ of any instrumentality which is wholly owned thereby, the return and payment of the taxes may be made by the Commissioners of the District of Columbia or by such agents as they may designate. The person making such return may, for convenience of administration, (369) ~~effective with respect to remuneration paid before 1971,~~ make payments of the tax imposed by section 3111 with respect to such service without regard to the (370) ~~$5,600 limitation in section 3121 (a) (1) and, effective with respect to remuneration paid after 1970, without regard to the~~ $6,600 limitation in (371) ~~such~~ section 3121 (a) (1)."

(2) The heading of such section 3125 is amended by striking out "**AND AMERICAN SAMOA**" and inserting in lieu thereof ", **AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA**".

(3) The table of sections for subchapter C of chapter 21 of such Code (relating to general provisions for Federal Insurance Contributions Act) is amended by striking out

"Sec. 3125. Returns in the case of governmental employees in Guam and American Samoa."

and inserting in lieu thereof

"Sec. 3125. Returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia."

(d) Section 6205 (a) of such Code (relating to adjustment of tax) is amended by adding at the end thereof the following new paragraph:

"(4) DISTRICT OF COLUMBIA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the District of Columbia or any instrumentality which is wholly owned thereby, the Commissioners of the District of Columbia and each agent designated by them who makes a return pursuant to section 3125 shall be deemed a separate employer."

(e) Section 6413 (a) of such Code (relating to adjustment of certain employment taxes) is amended by adding at the end thereof the following paragraph:

"(4) DISTRICT OF COLUMBIA AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received during any calendar year from the District of Columbia or any instrumentality which is wholly owned thereby, the Commissioners of the District of Columbia and each agent designated by them who makes a return pursuant to section 3125 shall be deemed a separate employer."

(f) (1) Section 6413 (c) (2) of such Code (relating to applicability of special refunds to certain employment taxes) is amended by adding at the end thereof the following new subparagraph:

"(F) GOVERNMENTAL EMPLOYEES IN THE DISTRICT OF COLUMBIA.—In the case of remunera-

tion received from the District of Columbia or any instrumentality wholly owned thereby, during any calendar year, the Commissioners of the District of Columbia and each agent designated by them who makes a return pursuant to section 3125 (c) shall, for purposes of this subsection, be deemed a separate employer."

(2) The heading of such section 6413 (c) (2) is amended by striking out "AND AMERICAN SAMOA" and inserting in lieu thereof ", AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA".

(g) The amendments made by this section shall apply with respect to service performed after the calendar quarter in which this section is enacted and after the calendar quarter in which the Secretary of the Treasury receives a certification from the Commissioners of the District of Columbia expressing their desire to have the insurance system established by title II (and part A of title XVIII) of the Social Security Act extended to the officers and employees coming under the provisions of such amendments.

COVERAGE FOR CERTAIN ADDITIONAL HOSPITAL EMPLOYEES IN CALIFORNIA

SEC. 318. Section 102 (k) of the Social Security Amendments of 1960 is amended by inserting "(1)" im-

mediately after "(k)", and by adding at the end thereof the following new paragraph:

"(2) Such agreement, as modified pursuant to paragraph (1), may at the option of such State be further modified, at any time prior to the seventh month after the month in which this paragraph is enacted, so as to apply to services performed for any hospital affected by such earlier modification by any individual who after December 31, 1959, is or was employed by such State (or any political subdivision thereof) in any position described in paragraph (1). Such modification shall be effective with respect to (A) all services performed by such individual in any such position on or after January 1, 1962, and (B) all such services, performed before such date, with respect to which amounts equivalent to the sum of the taxes which would have been imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 if such services had constituted employment for purposes of chapter 21 of such Code at the time they were performed have, prior to the date of the enactment of this paragraph, been paid."

TAX EXEMPTION FOR RELIGIOUS GROUPS OPPOSED TO INSURANCE

SEC. 319. (a) Subsection (c) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out

"or" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or", and by adding after paragraph (5) the following new paragraph:

"(6) the performance of service by an individual during the period for which an exemption under subsection (h) is effective with respect to him."

(b) Subsection (c) of section 211 of the Social Security Act is amended by striking out "or" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or", and by adding after paragraph (5) the following new paragraph:

"(6) The performance of service by an individual during the period for which an exemption under section 1402 (h) of the Internal Revenue Code of 1954 is effective with respect to him."

(c) Section 1402 of the Internal Revenue Code of 1954 is further amended by adding at the end thereof the following new subsection:

"(h) MEMBERS OF CERTAIN RELIGIOUS FAITHS.—

"(1) EXEMPTION.—Any individual may file an application (in such form and manner, and with such official, as may be prescribed by regulations under this chapter) for an exemption from the tax imposed by this chapter if he is a member of a recognized religious

sect or division thereof and is an adherent of established tenets or teachings of such sect or division by reason of which he is conscientiously opposed to acceptance of the benefits of any private or public insurance which makes payments in the event of death, disability, old-age, or retirement or makes payments toward the cost of, or provides services for, medical care (including the benefits of any insurance system established by the Social Security Act). Such exemption may be granted only if the application contains or is accompanied by—

"(A) such evidence of such individual's membership in, and adherence to the tenets or teachings of, the sect or division thereof as the Secretary or his delegate may require for purposes of determining such individual's compliance with the preceding sentence, and

"(B) his waiver of all benefits and other payments under titles II and XVIII of the Social Security Act on the basis of his wages and self-employment income as well as all such benefits and other payments to him on the basis of the wages and self-employment income of any other person,

and only if the Secretary of Health, Education, and Welfare finds that—

"(C) such sect or division thereof has the established tenets or teachings referred to in the preceding sentence,

"(D) it is the practice, and has been for a period of time which he deems to be substantial, for members of such sect or division thereof to make provision for their dependent members which in his judgment is reasonable in view of their general level of living, and

"(E) such sect or division thereof has been in existence at all times since December 31, 1950.

An exemption may not be granted to any individual if any benefit or other payment referred to in subparagraph (B) became payable (or, but for section 203 or 222(b) of the Social Security Act, would have become payable) at or before the time of the filing of such waiver.

"(2) TIME FOR FILING APPLICATION.—For purposes of this subsection, an application must be filed—

"(A) In the case of an individual who has self-employment income (determined without regard to this subsection and subsection (c)(6)) for any taxable year ending before December 31, 1965, on or before April 15, 1966, and

"(B) In any other case, on or before the time prescribed for filing the return (including any exten-

sion thereof) for the first taxable year ending on or after December 31, 1965, for which he has self-employment income (as so determined).

"(3) PERIOD FOR WHICH EXEMPTION EFFECTIVE.—An exemption granted to any individual pursuant to this subsection shall apply with respect to all taxable years beginning after December 31, 1950, except that such exemption shall not apply for any taxable year—

"(A) beginning (i) before the taxable year in which such individual first met the requirements of the first sentence of paragraph (1), or (ii) before the time as of which the Secretary of Health, Education, and Welfare finds that the sect or division thereof of which such individual is a member met the requirements of subparagraphs (C) and (D), or

"(B) ending (i) after the time such individual ceases to meet the requirements of the first sentence of paragraph (1), or (ii) after the time as of which the Secretary of Health, Education, and Welfare finds that the sect or division thereof of which he is a member ceases to meet the requirements of subparagraph (C) or (D).

"(4) APPLICATION BY FIDUCIARIES OR SUR-

VIVORS.—In any case where an individual who has self-employment income dies before the expiration of the time prescribed by paragraph (2) for filing an application for exemption pursuant to this subsection, such an application may be filed with respect to such individual within such time by a fiduciary acting for such individual's estate or by such individual's survivor (within the meaning of section 205(c)(1)(C) of the Social Security Act)."

(d) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Waiver of Benefits

"(v) Notwithstanding any other provisions of this title, in the case of any individual who files a waiver pursuant to section 1402(h) of the Internal Revenue Code of 1954 and is granted a tax exemption thereunder, no benefits or other payments shall be payable under this title to him, no payments shall be made on his behalf under part A of title XVIII, and no benefits or other payments under this title shall be payable on the basis of his wages and self-employment income to any other person, after the filing of such waiver; except that, if thereafter such individual's tax exemption under such section 1402(h) ceases to be effective, such waiver shall cease to be applicable in the case of benefits and other payments under this title and

part A of title XVIII to the extent based on his self-employment income for and after the first taxable year for which such tax exemption ceases to be effective and on his wages for and after the calendar year (if any) which begins in or with the beginning of such taxable year."

(e) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1950. For such purpose, chapter 2 of the Internal Revenue Code of 1954 shall be treated as applying to all taxable years beginning after such date.

(f) If refund or credit of any overpayment resulting from the enactment of this section is prevented on the date of the enactment of this Act or at any time on or before April 15, 1966, by the operation of any law or rule of law, refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed on or before April 15, 1966. No interest shall be allowed or paid on any overpayment resulting from the enactment of this section.

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 320. (a) (1) (A) Section 209 (a) (3) of the Social Security Act is amended by inserting "and prior to 1966" after "1958".

(B) Section 209 (a) of such Act is further amended by

adding at the end thereof the following new (372)~~paragraphs~~ *paragraph*:

"(4) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to (373) ~~$5,600~~ *$6,600* with respect to employment has been paid to an individual during any calendar year after 1965 (374)~~and prior to 1971~~, is paid to such individual during such calendar (375)~~year;~~ *year;*".

(376)~~"(5) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $6,600 with respect to employment has been paid to an individual during any calendar year after 1970, is paid to such individual during such calendar year;".~~

(2) (A) Section 211 (b) (1) (C) of such Act is amended by inserting "and prior to 1966" after "1958", and by striking out "; or" and inserting in lieu thereof "; and".

(B) Section 211 (b) (1) of such Act is further amended by adding at the end thereof the following new (377)~~subparagraphs~~ *subparagraph*:

"(D) For any taxable year ending after 1965 (378)~~and prior to 1971, (i) $5,600~~ *(i) $6,600*, minus (ii) the amount of the wages paid to such individual during the taxable year; (379)~~and~~ *or*".

(380)~~" (E) For any taxable year ending after 1970, (i) $6,600, minus (ii) the amount of the wages paid to such individual during the taxable year; or".~~

(3) (A) Section 213 (a) (2) (ii) of such Act is amended by striking out "after 1958" and inserting in lieu thereof "after 1958 and before 1966, or (381)~~$5,600~~ *$6,600* in the case of a calendar year after 1965 (382)~~and before 1971, or $6,600 in the case of a calendar year after 1970~~".

(B) Section 213 (a) (2) (iii) of such Act is amended by striking out "after 1958" and inserting in lieu thereof "after 1958 and before 1966, or (383)~~$5,600~~ *$6,600* in the case of a taxable year ending after 1965 (384)~~and before 1971, or $6,600 in the case of a taxable year ending after 1970~~".

(4) Section 215 (e) (1) of such Act is amended by striking out "and the excess over $4,800 in the case of any calendar year after 1958" and inserting in lieu thereof "the excess over $4,800 in the case of any calendar year after 1958 and before (385)~~1966,~~ *1966 and* the excess over (386)~~$5,600~~ *$6,600* in the case of any calendar year after 1965 (387)~~and before 1971, and the excess over $6,600 in the case of any calendar year after 1970~~".

(b) (1) (A) Section 1402 (b) (1) (C) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and before 1966"

after "1958", and by striking out "; or" and inserting in lieu thereof "; and".

(B) Section 1402(b)(1) of such Code is further amended by adding at the end thereof the following new (388)~~subapargraphs~~ *subparagraph*:

"(D) for any taxable year ending after (389) ~~1965 and before 1971, (i) $5,660,~~ *1965, (i) $6,600,* minus (ii) the amount of the wages paid to such individual during the taxable year; (390) ~~and~~ *or*".

(391)~~"(E) for any taxable year ending after 1970, (i) $6,600, minus (ii) the amount of the wages paid to such individual during the taxable year; or".~~

(2) (392)~~(A)~~ Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$4,800" each place it appears and inserting in lieu thereof (393)~~"$5,600"~~ *"$6,600"*.

(394)~~(B) Effective with respect to remuneration paid after 1970, section 3121(a)(1) of such Code as amended by subparagraph (A) of this paragraph is amended by striking out "$5,600" each place it appears and inserting in lieu thereof "$6,600".~~

(3) (395)~~(A)~~ The second sentence of section 3122 of such Code (relating to Federal service) is amended by strik-

ing out "$4,800" and inserting in lieu thereof (396) ~~"$5,600"~~ *"$6,600"*.

(397) ~~(B) Effective with respect to remuneration paid after 1970, such second sentence as amended by subparagraph (A) of this paragraph is amended by striking out "$5,600" and inserting in lieu thereof "$6,600".~~

(4) (398) ~~(A)~~ Section 3125 of such Code relating to returns in the case of governmental employees in Guam and American Samoa) is amended by striking out "$4,800" where it appears in subsections (a) and (b) and inserting in lieu thereof (399) ~~"$5,600"~~ *"$6,600"*.

(400) ~~(B) Effective with respect to remuneration paid after 1970, section 3125 of such Code as amended by subparagraph (A) of this paragraph is amended by striking out "$5,600" where it appears in subsections (a) and (b) and inserting in lieu thereof "$6,600".~~

(5) Section 6413 (c) (1) of such Code (relating to special refunds of employment taxes) is amended—

(A) by inserting "and prior to the calendar year 1966" after "the calendar year 1958";

(B) by inserting after "exceed $4,800," the following: "or (C) during any calendar year after the calendar year 1965 (401) ~~and prior to the calendar year 1971~~, the wages received by him during such year (402) ~~exceed $5,600, or (D) during any calendar year~~

after the calendar year 1970, the wages received by him during such year exceed $6,600".

(C) by inserting before the period at the end thereof the following: "and before 1966, or which exceeds the tax with respect to the first (403)$5,600 *$6,600* of such wages received in such calendar year after 1965 (404)and before 1971, or which exceeds the tax with respect to the first $6,600 of such wages received in such calendar year after 1970".

(6) Section 6413 (c) (2) (A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or $4,800 for any calendar year after 1958" and inserting in lieu thereof "$4,800 for the calendar year 1959, 1960, 1961, 1962, 1963, 1964, or 1965, (405)or $5,600 for the calendar year 1966, 1967, 1968, 1969, or 1970, or $6,600 for any calendar year after (406)1970 *1965*".

(c) The amendments made by subsections (a) (1) and (a) (3) (A), and the amendments made by subsection (b) (except paragraph (1) thereof), shall apply only with respect to remuneration paid after December 1965. The amendments made by subsections (a) (2), (a) (3) (B), and (b) (1) shall apply only with respect to taxable years ending after 1965. The amendment made by subsection (a)

(4) shall apply only with respect to calendar years after 1965.

CHANGES IN TAX SCHEDULES

SEC. 321. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to rate of tax under the Self-Employment Contributions Act) is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1969, the tax shall be equal to (407) ~~6.0~~ *5.8* percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1968, and before January 1, 1973, the tax shall be equal to (408) ~~6.6~~ *6.8* percent of the amount of the self-employment income for such taxable year; and

"(3) in the case of any taxable year beginning after December 31, 1972, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year.

"(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1967, the tax shall be equal to (409)~~0.35~~ *0.325* percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1966, and before January 1, (410) ~~1973~~ *1971*, the tax shall be equal to 0.50 percent of the amount of the self-employment income for such taxable year;

(411)"*(3) in the case of any taxable year beginning after December 31, 1970, and before January 1, 1973, the tax shall be equal to 0.55 percent of the amount of the self-employment income for such taxable year;*

"(412)~~(3)~~ *(4)* in the case of any taxable year beginning after December 31, 1972, and before January 1, 1976, the tax shall be equal to (413)~~0.55~~ *0.65* percent of the amount of the self-employment income for such taxable year;

"(414)~~(4)~~ *(5)* in the case of any taxable year beginning after December 31, 1975, and before January 1,

1980, the tax shall be equal to ~~(415) 0.60~~ *0.70* percent of the amount of the self-employment income for such taxable year;

"~~(416) (5)~~ *(6)* in the case of any taxable year beginning after December 31, 1979, and before January 1, 1987, the tax shall be equal to ~~(417) 0.70~~ *0.80* percent of the amount of the self-employment income for such taxable year; and

"~~(418) (6)~~ *(7)* in the case of any taxable year beginning after December 31, 1986, the tax shall be equal to ~~(419) 0.80~~ *0.85* percent of the amount of the self-employment income for such taxable year.

For purposes of the tax imposed by this subsection, the exclusion of employee representatives by section 1402 (c) (3) shall not apply."

(b) Section 3101 of the Internal Revenue Code of 1954 (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121

(a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1966, 1967, and 1968, the rate shall be (420)~~4.0~~ *3.85* percent;

"(2) with respect to wages received during the calendar years 1969, 1970, 1971, and 1972, the rate shall be (421)~~4.4~~ *4.50* percent; and

"(3) with respect to wages received after December 31, 1972, the rate shall be (422)~~4.8~~ *4.95* percent.

"(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b), but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees)—

"(1) with respect to wages received during the calendar year 1966, the rate shall be (423)~~0.35~~ *0.325* percent;

"(2) with respect to wages received during the calendar years 1967, 1968, 1969, (424)*and* 1970, (425)~~1971, and 1972,~~ the rate shall be 0.50 percent;

(426)"*(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 0.55 percent;*

"(427)~~(3)~~ *(4)* with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be (428)~~0.55~~ *0.65* percent;

"(429)~~(4)~~ *(5)* with respect to wages received during the calendar years 1976, 1977, 1978, and 1979, the rate shall be (430)~~0.60~~ *0.70* percent;

"(431)~~(5)~~ *(6)* with respect to wages received during the calendar years 1980, 1981, 1982, 1983, 1984, 1985, and 1986, the rate shall be (432)~~0.70~~ *0.80* percent; and

"(433)~~(6)~~ *(7)* with respect to wages received after December 31, 1986, the rate shall be (434)~~0.80~~ *0.85* percent."

(c) Section 3111 of the Internal Revenue Code of 1954 (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him

with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1966, 1967, and 1968, the rate shall be (435) ~~4.0~~ *3.85* percent;

"(2) with respect to wages paid during the calendar years 1969, 1970, 1971, and 1972, the rate shall be (436) ~~4.4~~ *4.50* percent; and

"(3) with respect to wages paid after December 31, 1972, the rate shall be (437) ~~4.8~~ *4.95* percent.

"(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b), but without regard to the provisions of paragraph (9) thereof insofar as it relates to employees)—

"(1) with respect to wages paid during the calendar year 1966, the rate shall be (438) ~~0.35~~ *0.325* percent;

"(2) with respect to wages paid during the calendar years 1967, 1968, 1969, (439) *and* 1970, (440) ~~1971, and 1972,~~ the rate shall be 0.50 percent;

(441) *"(3) with respect to wages paid during the calen-*

*dar years 1971 and 1972, the rate shall be 0.55 percent;*

"(442) ~~(3)~~ *(4)* with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be (443) ~~0.55~~ *0.65* percent;

"(444) ~~(4)~~ *(5)* with respect to wages paid during the calendar years 1976, 1977, 1978, and 1979, the rate shall be (445) ~~0.60~~ *0.70* percent;

"(446) ~~(5)~~ *(6)* with respect to wages paid during the calendar years 1980, 1981, 1982, 1983, 1984, 1985, and 1986, the rate shall be (447) ~~0.70~~ *0.80* percent;

"(448) ~~(6)~~ *(7)* with respect to wages paid after December 31, 1986, the rate shall be (449) ~~0.80~~ *0.85* percent."

(d) The amendments made by subsection (a) shall apply only with respect to taxable years beginning after December 31, 1965. The amendments made by subsections (b) and (c) shall apply only with respect to remuneration paid after December 31, 1965.

REIMBURSEMENT OF TRUST FUNDS FOR COST OF NONCONTRIBUTORY MILITARY SERVICE CREDITS

SEC. 322. Section 217 (g) of the Social Security Act is amended to read as follows:

"(g) (1) In September 1965, and in every fifth September thereafter up to and including September 2010, the Secretary shall determine the amount which, if paid in

equal installments at the beginning of each fiscal year in the period beginning—

"(A) with July 1, 1965, in the case of the first such determination, and

"(B) with the July 1 following the determination in the case of all other such determinations,

and ending with the close of June 30, 2015, would accumulate, with interest compounded annually, to an amount equal to the amount needed to place each of the Trust Funds and the Federal Hospital Insurance Trust Fund in the same position at the close of June 30, 2015, as he estimates they would otherwise be in at the close of that date if section 210 of this Act as in effect prior to the Social Security Act Amendments of 1950, and this section, had not been enacted. The rate of interest to be used in determining such amount shall be the rate determined under section 201 (d) for public-debt obligations which were or could have been issued for purchase by the Trust Funds in the June preceding the September in which such determination is made.

"(2) There are authorized to be appropriated to the Trust Funds and the Federal Hospital Insurance Trust Fund—

"(A) for the fiscal year ending June 30, 1966, an amount equal to the amount determined under paragraph (1) in September 1965, and

"(B) for each fiscal year in the period beginning with July 1, 1966, and ending with the close of June 30, 2015, an amount equal to the annual installment for such fiscal year under the most recent determination under paragraph (1) which precedes such fiscal year.

"(3) For the fiscal year ending June 30, 2016, there is authorized to be appropriated to the Trust Funds and the Federal Hospital Insurance Trust Fund such sums as the Secretary determines would place the Trust Funds and the Federal Hospital Insurance Trust Fund in the same position in which they would have been at the close of June 30, 2015, if section 210 of this Act as in effect prior to the Social Security Act Amendments of 1950, and this section, had not been enacted.

"(4) There are authorized to be appropriated to the Trust Funds and the Federal Hospital Insurance Trust Fund annually, as benefits under this title and part A of title XVIII are paid after June 30, 2015, such sums as the Secretary determines to be necessary to meet the additional costs, resulting from subsections (a), (b), and (e), of such benefits (including lump-sum death payments)."

ADOPTION OF CHILD BY RETIRED WORKER

SEC. 323. (a) Section 202(d) of the Social Security Act is amended—

(1) by striking out the last sentence in paragraph (1), and

(2) by adding at the end thereof (after the new paragraphs added by section 306 of this Act) the following new paragraphs:

"(9) In the case of—

"(A) an individual entitled to disability insurance benefits, or

"(B) an individual entitled to old-age insurance benefits who was entitled to disability insurance benefits for the month preceding the first month for which he was entitled to old-age insurance benefits,

~~(450) clauses (i) and (iii) of paragraph (1)(C) shall not apply to a child of such individual~~ *a child of such individual adopted after such individual became entitled to such disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1)(C)* unless such child—

"(C) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual), or

"(D) was legally adopted by such individual before the end of the 24-month period beginning with the month after the month in which such individual

most recently became entitled to disability insurance benefits, but only if—

"(i) proceedings for such adoption of the child had been instituted by such individual in or before the month in which began the period of disability of such individual which still exists at the time of such adoption (451)*(or, if such child was adopted by such individual after such individual attained age 65, the period of disability of such individual which existed in the month preceding the month in which he attained age 65)*, or

"(ii) such adopted child was living with such individual in such month.

"(10) (452)~~In the case of~~ *If* an individual entitled to old-age insurance benefits (but not an individual included under (453)~~paragraph (9)), clauses (i) and (iii) of paragraph (1)(C) shall not apply to a child of such individual unless such~~ *paragraph (9)) adopts a child after such individual becomes entitled to such benefits, such child shall be deemed not to meet the requirements of clause (i) of paragraph (1)(C) unless such* child—

"(A) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual), or

"(B) was legally adopted by such individual be-

fore the end of the 24-month period beginning with the month after the month in which such individual became entitled to old-age insurance benefits, but only if—

"(i) such child had been receiving at least one-half of his support from such individual for the year before such individual filed his application for old-age insurance benefits or, if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, for the year before such period of disability began, and

"(ii) either proceedings for such adoption of the child had been instituted by such individual in or before the month in which the individual filed his application for old-age insurance benefits or such adopted child was living with such individual in such month."

(b) The amendments made by subsection (a) of this section shall be applicable to persons who file applications, or on whose behalf applications are filed, for benefits under section 202 (d) of the Social Security Act on or after the date this section is enacted. The time limit provided by section 202 (d) (10) (B) of such Act as amended by this section for legally adopting a child shall not apply in the case of any

child who is adopted before the end of the 12-month period following the month in which this section is enacted.

EXTENSION OF PERIOD FOR FILING PROOF OF SUPPORT AND APPLICATIONS FOR LUMP-SUM DEATH PAYMENT

SEC. 324. (a) Section 202 (p) of the Social Security Act is amended to read as follows:

"Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment

"(p) In any case in which there is a failure—

"(1) to file proof of support under subparagraph (C) of subsection (c) (1), clause (i) or (ii) of subparagraph (D) of subsection (f) (1), or subparagraph (B) of subsection (h) (1), or under clause (B) of subsection (f) (1) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subparagraph or clause, or

"(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection,

any such proof or application, as the case may be, which is filed after the expiration of such period shall be deemed to have been filed within such period if it is shown to the satis-

faction of the Secretary that there was good cause for failure to file such proof or application within such period. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(b) The amendments made by this section shall be effective with respect to (1) applications for lump-sum death payments filed in or after the month in which this Act is enacted, and (2) monthly benefits based on applications filed in or after such month.

TREATMENT OF CERTAIN ROYALTIES FOR RETIREMENT TEST PURPOSES

SEC. 325. (a) (1) Subparagraph (B) of section 203 (f) (5) of the Social Security Act is amended to read as follows:

"(B) For purposes of this section—

"(i) an individual's net earnings from self-employment for any taxable year shall be determined as provided in section 211, except that paragraphs (1), (4), and (5) of section 211 (c) shall not apply and the gross income shall be computed by excluding the amounts provided by subparagraph (D), and

"(ii) an individual's net loss from self-employ-

ment for any taxable year is the excess of the deductions (plus his distributive share of loss described in section 702(a)(9) of the Internal Revenue Code of 1954) taken into account under clause (i) over the gross income (plus his distributive share of income so described) taken into account under clause (i)."

(2) Such section 203(f)(5) is further amended by adding at the end thereof the following new subparagraph:

"(D) In the case of an individual—

"(i) who has attained the age of 65 on or before the last day of the taxable year, and

"(ii) who shows to the satisfaction of the Secretary that he is receiving royalties attributable to a copyright or patent obtained before the taxable year in which he attained the age of 65 and that the property to which the copyright or patent relates was created by his own personal efforts,

there shall be excluded from gross income any such royalties."

(b) The amendments made by subsection (a) shall apply with respect to the computation of net earnings from

self-employment and the net loss from self-employment for taxable years beginning after 1964.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEMS

SEC. 326. (a) Section 1 (q) of the Railroad Retirement Act of 1937 is amended by striking out "1961" and inserting in lieu thereof "1965".

(b) Section 5 (l) (9) of such Act is amended by striking out "after 1958 is less than $4,800" and inserting in lieu thereof the following: "after 1958 and before 1966 is less than $4,800, or for any calendar year after 1965 (454) ~~and before 1971 is less than $5,600, or for any calendar year after 1970~~ is less than $6,600"; and by striking out "and $4,800 for years after 1958", and inserting in lieu thereof the following: "$4,800 for years after 1958 and before 1966, (455) ~~$5,600~~ *and $6,600* for years after 1965 (456) ~~and before 1971, and $6,600 for years after 1970~~".

TECHNICAL AMENDMENT RELATING TO MEETINGS OF BOARD OF TRUSTEES OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE TRUST FUNDS

SEC. 327. Section 201 (c) of the Social Security Act

is amended by striking out "six months" in the fourth sentence and inserting in lieu thereof "calendar year".

(457) *APPLICATIONS FOR BENEFITS*

*SEC. 328. (a) Section 202(j)(2) of the Social Security Act is amended to read as follows:*

*"(2) An application for any monthly benefits under this section filed before the first month in which the applicant satisfies the requirements for such benefits shall be deemed a valid application only if the applicant satisfies the requirements for such benefits before the Secretary makes a final decision on the application. If upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed in such first month."*

*(b) Section 216(i)(2) of such Act (as amended by subsection (b)(1) of section 303) is amended by inserting after subparagraph (E) the following:*

*"(F) An application for a disability determination filed before the first day on which the applicant satisfies the requirements for a period of disability under this subsection shall be deemed a valid application only if the applicant satisfies the requirements for a period of disability before the Secretary makes a final decision on the application. If upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such require-*

*ments, the application shall be deemed to have been filed on such first day."*

*(c) The first sentence of section 223(b) of such Act is amended to read as follows: "An application for disability insurance benefits filed before the first month in which the applicant satisfies the requirements for such benefits (as prescribed in subsection (a)(1)) shall be deemed a valid application only if the applicant satisfies the requirements for such benefits before the Secretary makes a final decision on the application. If, upon final decision by the Secretary, or decision upon judicial review thereof, such applicant is found to satisfy such requirements, the application shall be deemed to have been filed in such first month."*

*(d) The amendments made by this section shall apply with respect to (1) applications filed on or after the date of enactment of this Act, (2) applications as to which the Secretary has not made a final decision before the date of enactment of this Act, and (3) if a civil action with respect to final decision by the Secretary has been commenced under section 205(g) of the Social Security Act before the date of enactment of this Act, applications as to which there has been no final judicial decision before the date of enactment of this Act.*

(458) *OVERPAYMENTS AND UNDERPAYMENTS*

*SEC. 329. (a) Section 204(a) of the Social Security Act is amended to read as follows:*

*"SEC. 204. (a) Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, under regulations prescribed by the Secretary, as follows:*

*"(1) With respect to payment to a person of more than the correct amount, the Secretary shall decrease any payment under this title to which such overpaid person is entitled, or shall require such overpaid person or his estate to refund the amount in excess of the correct amount, or shall decrease any payment under this title payable to his estate or to any other person on the basis of the wages and self-employment income which were the basis of the payments to such overpaid person, or shall apply any combination of the foregoing.*

*"(2) With respect to payment to a person of less than the correct amount, the Secretary shall make payment of the balance of the amount due such underpaid person, or, if such person dies before payments are completed or before negotiating one or more checks representing correct payments, disposition of the amount due shall be made under regulations prescribed by the Secretary in such order of priority as he determines will best carry out the purposes of this title."*

*(b) Section 204(b) of such Act is amended to read as follows:*

*"(b) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience."*

(459) *PAYMENTS TO TWO OR MORE INDIVIDUALS OF THE SAME FAMILY*

*SEC. 330. Section 205(n) of the Social Security Act is amended to read as follows:*

*"(n) The Secretary may, in his discretion, certify to the Managing Trustee any two or more individuals of the same family for joint payment of the total benefits payable to such individuals for any month, and if one of such individuals dies before a check representing such joint payment is negotiated, payment of the amount of such unnegotiated check to the surviving individual or individuals may be authorized in accordance with regulations of the Secretary of the Treasury; except that appropriate adjustment or recovery shall be made under section 204(a) with respect to so much of the amount of such check as exceeds the amount to which such*

*surviving individual or individuals are entitled under this title for such month."*

(460) *VALIDATING CERTIFICATES FILED BY MINISTERS*

*SEC. 331. (a) Section 1402(e) of the Internal Revenue Code of 1954 (relating to certificates to waive tax on self-employment income in the case of ministers, members of religious orders, and Christian Science practitioners) is amended by striking out paragraphs (5) and (6) and inserting in lieu thereof the following:*

*"(5) OPTIONAL PROVISION FOR CERTAIN CERTIFICATES FILED ON OR BEFORE APRIL 15, 1967.—Notwithstanding any other provision of this section, in any case where an individual has derived earnings in any taxable year ending after 1954 from the performance of service described in subsection (c)(4), or in subsection (c)(5) insofar as it related to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, and has reported such earnings as self-employment income on a return filed on or before the due date prescribed for filing such return (including any extension thereof)—*

*"(A) a certificate filed by such individual on or before April 15, 1965, which (but for this subparagraph) is ineffective for the first taxable year ending after 1954 for which such a return was filed shall be*

*effective for such first taxable year and for all succeeding taxable years, provided a supplemental certificate is filed by such individual (or a fiduciary acting for such individual or his estate, or his survivor within the meaning of section 205(c)(1)(C) of the Social Security Act) after the date of enactment of this paragraph and on or before April 15, 1967, and*

*"(B) a certificate filed after the date of enactment of this paragraph and on or before April 15, 1967, by a survivor (within the meaning of section 205(c)(1)(C) of the Social Security Act) of such an individual who died on or before April 15, 1965, may be effective, at the election of the person filing such a certificate, for the first taxable year ending after 1954 for which such a return was filed and for all succeeding years,*

*but only if—*

*"(i) the tax under section 1401 in respect to all such individual's self-employment income (except for underpayments of tax attributable to errors made in good faith), for each such year described in subparagraphs (A) and (B), is paid on or before April 15, 1967, and*

*"(ii) in any case where refund has been made of*

*any such tax which (but for this paragraph) is an overpayment, the amount refunded (including any interest paid under section 6611) is repaid on or before April 15, 1967.*

*The provisions of section 6401 shall not apply to any payment or repayment described in this paragraph."*

*(b) In the case of a certificate or supplemental certificate filed pursuant to section 1402(e)(5) of the Internal Revenue Code—*

*(1) for purposes of computing interest, the due date for the payment of the tax under section 1401 of such Code which is due for any taxable year solely by reason of the filing of a certificate which is effective under such section 1402(e)(5) shall be April 15, 1967;*

*(2) for purposes of section 6501 of such Code, the statutory period for the assessment of any tax for any taxable year for which tax is due solely by reason of the filing of such certificate shall not expire before April 16, 1970; and*

*(3) for purposes of section 6651 of such Code (relating to addition to tax for failure to file tax return), the amount of tax required to be shown on the return shall not include tax under section 1401 of such Code which is due for any taxable year solely by reason of the*

*filing of a certificate which is effective under section 1402(e)(5).*

*(c) Notwithstanding any provision of section 205(c)(5)(F) of the Social Security Act, the Secretary of Health, Education, and Welfare may conform, before April 16, 1970, his records to tax returns or statements of earnings which constitute self-employment income solely by reason of the filing of a certificate which is effective under section 1402(e)(5) of such Code.*

*(d) The amendments made by this section shall be applicable (except as otherwise specifically provided therein) only to certificates with respect to which supplemental certificates are filed pursuant to section 1402(e)(5)(A) of such Code after the date of the enactment of this Act, and to certificates filed pursuant to section 1402(e)(5)(B) after such date; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments, and no lump-sum death payment under such title shall be payable or increased by reason of such amendments in the case of any individual who died prior to the date of the enactment of this Act. The provisions of section 1402(e)(5) and (6) of the Internal Revenue Code of 1954 which were in effect before the date of enactment of this*

*Act shall be applicable with respect to any certificate filed pursuant thereto before such date if a supplemental certificate is not filed with respect to such certificate as provided in this section.*

(461) *DETERMINATION OF ATTORNEYS' FEES IN COURT PROCEEDINGS UNDER TITLE II*

*SEC. 332. The heading of section 206 of the Social Security Act is amended to read "REPRESENTATION OF CLAIMANTS". Such section is further amended by inserting "(a)" after "SEC. 206." and by adding at the end of such section the following new subsection:*

*"(b)(1) Whenever a court renders a judgment favorable to a claimant who was represented before the court by an attorney, the court may determine and allow as part of its judgment a reasonable fee for such representation, not in excess of 25 percent of the total of the past due benefits to which the claimant is entitled by reason of such judgment, and the Secretary may, notwithstanding the provisions of section 205(i), certify the amount of such fee for payment to such attorney out of, and not in addition to, the amount of such past-due benefits. In case of any such judgment, no other fee may be payable or certified for payment for such representation except as provided in this paragraph.*

*"(2) Any attorney who charges, demands, receives, or collects for services rendered in connection with proceedings*

*before a court to which paragraph (1) is applicable any amount in excess of that allowed by the court thereunder shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500, or imprisonment for not more than one year, or both."*

(462) *CONTINUATION OF WIDOW'S AND WIDOWER'S INSURANCE BENEFITS AFTER REMARRIAGE*

*SEC. 333. (a)(1) Subsection (e) of section 202 of the Social Security Act, as amended by section 308 of this Act, is amended by adding at the end thereof the following new paragraph:*

*"(4) If a widow, after attaining the age of 60, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (3)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred; except that, notwithstanding the provisions of paragraph (2) and subsection (q), such widow's insurance benefit for the month in which such marriage occurs and each month thereafter prior to the month in which the husband dies or such marriage is otherwise terminated, shall be equal to 50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based."*

*(2) Paragraph (2) of such subsection, as amended by section 307 of this Act, is further amended by inserting*

*before the comma "and paragraph (4) of this subsection".*

*(b)(1) Subsection (f) of such section is amended by adding at the end thereof the following new paragraph:*

*"(5) If a widower, after attaining the age of 62, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (4)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred; except that, notwithstanding the provisions of paragraph (3), such widower's insurance benefit for the month in which such marriage occurs and each month thereafter prior to the month in which the wife dies or such marriage is otherwise terminated, shall be equal to 50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based."*

*(2) Paragraph (3) of such subsection is amended by striking out "Such" and inserting in lieu thereof "Except as provided in paragraph (5), such".*

*(c)(1) Paragraph (2)(B) of subsection (k) of such section 202 is amended by inserting "(other than an individual to whom subsection (e)(4) or (f)(5) applies)" after "Any individual" and by adding at the end thereof the following new sentence: "Any individual who is entitled for any month to more than one widow's or widower's insurance benefit to which subsection (e)(4) or (f)(5) applies shall*

*be entitled to only one such benefit for such month, such benefit to be the largest of such benefits.".*

*(2) Paragraph (3) of such subsection is amended by inserting "(A)" after "(3)" and by adding at the end thereof the following new subparagraph:*

*"(B) If an individual is entitled for any month to a widow's or widower's insurance benefit to which subsection (e)(4) or (f)(5) applies and to any other monthly insurance benefit under section 202 (other than an old-age insurance benefit), such other insurance benefit for such month, after any reduction under subparagraph (A), any reduction under subsection (q), and any reduction under section 203(a), shall be reduced, but not below zero, by an amount equal to such widow's or widower's insurance benefit after any reduction or reductions under such subparagraph (A) and such section 203(a)."*

*(d) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act beginning with the second month following the month in which this Act is enacted; but, in the case of an individual who was not entitled to a monthly insurance benefit under section 202 (e) or (f) of such Act for the first month following the month in which this Act is enacted, only on the basis of an application filed in or after the month in which this Act is enacted.*

(463) *CHANGES IN DEFINITIONS OF WIFE, WIDOW, HUSBAND, AND WIDOWER*

*SEC. 334. (a) Section 216(b) of the Social Security Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (3)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) was entitled to, or upon application therefor and attainment of the required age (if any) would have been entitled to, a widow's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(b) Section 216(c) of such Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (6)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) she was entitled to, or upon application therefor and attainment of the required age (if any) would have been entitled to, a widow's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(c) Section 216(f) of such Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (3)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) he was entitled to, or upon application therefor and attainment of the*

*required age (if any) he would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(d) Section 216(g) of such Act, as amended by section 306 of this Act, is amended by striking out "or" at the end of clause (6)(A), and by inserting immediately before the period at the end thereof the following: ", or (C) he was entitled to, or on application therefor and attainment of the required age (if any) he would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended".*

*(e) Section 202(c)(2) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after such subparagraph (B) the following new subparagraph:*

*"(C) in the month prior to the month of his marriage to such individual he was entitled to, or on application therefor and attainment of the required age (if any) would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended."*

*(f) Section 202(f)(2) of such Act is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after such subparagraph (B) the following new subparagraph:*

*"(C) in the month prior to the month of his marriage to such individual he was entitled to, or on application therefor and attainment of the required age (if any), would have been entitled to, a widower's, child's (after attainment of age 18), or parent's insurance annuity under section 5 of the Railroad Retirement Act of 1937, as amended."*

*(g) The amendments made by this section shall be applicable only with respect to monthly insurance benefits under title II of the Social Security Act beginning with the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.*

(464) *REDUCTION OF BENEFITS ON RECEIPT OF WORKMEN'S COMPENSATION*

*SEC. 335. Effective with respect to benefits under title II of the Social Security Act for months after Decem-*

*ber 1965 which are based on applications filed after December 1965, section 224 of such Act is amended to read as follows:*

*"REDUCTION OF BENEFITS BASED ON DISABILITY ON ACCOUNT OF RECEIPT OF WORKMEN'S COMPENSATION*

*"SEC. 224. (a) If for any month prior to the month in which an individual attains the age of 62—*

*"(1) such individual is entitled to benefits under section 223, and*

*"(2) such individual is entitled for such month, under a workmen's compensation law or plan of the United States or a State, to periodic benefits for a total or partial disability (whether or not permanent), and the Secretary has, in a prior month, received notice of such entitlement for such month,*

*the total of his benefits under section 223 for such month and of any benefits under section 202 for such month based on his wages and self-employment income shall be reduced (but not below zero) by the amount by which the sum of—*

*"(3) such total of benefits under sections 223 and 202 for such month and*

*"(4) such periodic benefits payable (and actually*

*paid) for such month to such individual under the workmen's compensation law or plan,*

*exceeds the higher of—*

*"(5) 80 per centum of his 'average current earnings', or*

*"(6) the total of such individual's disability insurance benefits under section 223 for such month and of any monthly insurance benefits under section 202 for such month based on his wages and self-employment income, prior to reduction under this section.*

*In no case shall the reduction in the total of such benefits under sections 223 and 202 for a month reduce such total below the sum of—*

*"(7) the total of the benefits under sections 223 and 202, after reduction under this section, with respect to all persons entitled to benefits on the basis of such individual's wages and self-employment income for such month which were determined for such individual and such persons for the first month for which reduction under this section was made (or which would have been so determined if all of them had been so entitled in such first month), and*

*"(8) any increase in such benefits with respect to such individual and such persons, before reduction under this section, which is made effective for months after the*

*first month for which reduction under this section is made.*

*For purposes of clause (5), an individual's average current earnings means the larger of (A) the average monthly wage used for purposes of computing his benefits under section 223, or (B) one-sixtieth of the total of his wages and self-employment income for the five consecutive calendar years after 1950 for which such wages and self-employment income were highest.*

*"(b) If any periodic benefit under a workmen's compensation law or plan is payable on other than a monthly basis (excluding a benefit payable as a lump sum except to the extent that it is a commutation of, or a substitute for, periodic payments), the reduction under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate as nearly as practicable the reduction prescribed by subsection (a).*

*"(c) Reduction of benefits under this section shall be made after any reduction under subsection (a) of section 203, but before deductions under such section and under section 222(b).*

*"(d) The reduction of benefits required by this section shall not be made if the workmen's compensation law or plan under which a periodic benefit is payable provides for the reduction thereof when any one is entitled to benefits under*

*this title on the basis of the wages and self-employment income of an individual entitled to benefits under section 223.*

*"(e) If it appears to the Secretary that an individual may be eligible for periodic benefits under a workmen's compensation law or plan which would give rise to reduction under this section, he may require, as a condition of certification for payment of any benefits under section 223 to any individual for any month and of any benefits under section 202 for such month based on such individual's wages and self-employment income, that such individual certify (i) whether he has filed or intends to file any claim for such periodic benefits, and (ii) if he has so filed, whether there has been a decision on such claim. The Secretary may, in the absence of evidence to the contrary, rely upon such a certification by such individual that he has not filed and does not intend to file such a claim, or that he has so filed and no final decision thereon has been made, in certifying benefits for payment pursuant to section 205(i).*

*"(f)(1) In the second calendar year after the year in which reduction under this section in the total of an individual's benefits under section 223 and any benefits under section 202 based on his wages and self-employment income was first required (in a continuous period of months), and in each third year thereafter, the Secretary shall redetermine the amount of such benefits which are still subject to reduc-*

*tion under this section; but such redetermination shall not result in any decrease in the total amount of benefits payable under this title on the basis of such individual's wages and self-employment income. Such redetermined benefit shall be determined as of, and shall become effective with, the January following the year in which such redetermination was made.*

*"(2) In making the redetermination required by paragraph (1), the individual's average current earnings (as defined in subsection (a)) shall be deemed to be the product of his average current earnings as initially determined under subsection (a) and the ratio of (i) the average of the taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which such redetermination is made, to (ii) the average of the taxable wages of such persons reported to the Secretary for the first calendar quarter of the taxable year in which the reduction was first computed (but not counting any reduction made in benefits for a previous period of disability). Any amount determined under the preceding sentence which is not a multiple of $1 shall be reduced to the next lower multiple of $1.*

*"(g) Whenever a reduction in the total of benefits for any month based on an individual's wages and self-employment income is made under this section, each benefit, except*

*the disability insurance benefit, shall first be proportionately decreased, and any excess of such reduction over the sum of all such benefits other than the disability insurance benefit shall then be applied to such disability insurance benefit."*

(465) *FACILITATING DISABILITY DETERMINATIONS*

*SEC. 336. (a) Subsection (b) of section 221 of the Social Security Act is amended by inserting before the period at the end thereof ", other than individuals referred to in subsection (g)(4)".*

*(b) Subsection (g) of such section 221 is amended to read as follows:*

*"(g) In the case of—*

*"(1) individuals in a State which has no agreement under subsection (b),*

*"(2) individuals outside the United States,*

*"(3) any class or classes of individuals not included in an agreement under subsection (b), and*

*"(4) any individual with respect to whom the Secretary, in accordance with regulations prescribed by him, finds that a determination of disability or of the day on which a disability ceased may be made (A) on the evidence furnished by or on behalf of such individual from sources of information as to examination and treatment which are designated by such individual, or (B) on*

*the evidence of remunerative work activities performed by such individual,*

*the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him."*

*(c) The amendments made by subsections (a) and (b) shall take effect in any State which has an agreement with the Secretary under section 221 of such Act when the Secretary finds that the implementation of section 221(g)(4) of such Act can be effectuated with respect to individuals in such State without impeding the efficient administration of the disability insurance program of such Act in such State.*

(466) *PAYMENT OF COSTS OF REHABILITATION SERVICES FROM THE TRUST FUNDS*

*SEC. 337. Section 222 of the Social Security Act is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:*

*"COSTS OF REHABILITATION SERVICES FROM TRUST FUNDS*

*"(b)(1) For the purpose of making vocational rehabilitation services more readily available to disabled individuals who are—*

*"(A) entitled to disability insurance benefits under section 223, or*

*"(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),*

*to the end that savings will result to the Trust Funds as a result of rehabilitating the maximum number of such individuals into productive activity, there are authorized to be transferred from the Trust Funds such sums as may be necessary to enable the Secretary to pay the costs of vocational rehabilitation services for such individuals (including (i) services during their waiting periods, and (ii) so much of the expenditures for the administration of any State plan as is attributable to carrying out this subsection); except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the benefits under section 202(d) for children who have attained age 18 and are under a disability or under section 223, which were certified for payment in the preceding year. The selection of individuals (including the order in which they shall be selected) to receive such services shall be made in accordance with criteria formulated by the Secretary which are based upon the effect the provision of such services would have upon the Trust Funds.*

*"(2) In the case of each State which is willing to do so, such vocational rehabilitation services shall be furnished under a State plan for vocational rehabilitation services which—*

*"(A) has been approved under section 5 of the Vocational Rehabilitation Act,*

*"(B) provides that, to the extent funds provided under this subsection are adequate for the purpose, such services will be furnished, to any individual in the State who meets the criteria prescribed by the Secretary pursuant to paragraph (1), with reasonable promptness and in accordance with the order of selection determined under such criteria, and*

*"(C) provides that such services will be furnished to any individual without regard to (i) his citizenship or place of residence, (ii) his need for financial assistance except as provided in regulations of the Secretary in the case of maintenance during rehabilitation, or (iii) any order of selection followed under the State plan pursuant to section 5(a)(4) of the Vocational Rehabilitation Act.*

*"(3) In the case of any State which does not have a plan which meets the requirements of paragraph (2), the Secretary may provide such services by agreement or contract with other public or private agencies, organizations, institutions, or individuals.*

*"(4) Payments under this subsection may be made in installments, and in advance or by way of reimbursement,*

*with necessary adjustments on account of overpayments or underpayments.*

*"(5) Money paid from the Trust Funds under this subsection to pay the costs of providing services to individuals who are entitled to benefits under section 223 (including services during their waiting periods), or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such individuals shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid out from the Trust Funds under this subsection shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Secretary shall determine according to such methods and procedures as he may deem appropriate—*

*"(A) the total cost of the services provided under this subsection, and*

*"(B) subject to the provisions of the preceding sentence, the amount of such cost which should be charged to each of such Trust Funds.*

*"(6) For the purposes of this subsection the term 'vocational rehabilitation services' shall have the meaning assigned to it in the Vocational Rehabilitation Act, except that such services may be limited in type, scope, or amount in accord-*

*ance with regulations of the Secretary designed to achieve the purposes of this subsection."*

(467) *TEACHERS IN THE STATE OF MAINE*

*SEC. 338. (a) Section 316 of the Social Security Amendments of 1958 is amended by striking out "July 1, 1965" and inserting in lieu thereof "July 1, 1970".*

*(b) The amendment made by this section shall be effective as of July 1, 1965.*

(468) *MODIFICATION OF AGREEMENT WITH NORTH DAKOTA AND IOWA WITH RESPECT TO CERTAIN STUDENTS*

*SEC. 339. Notwithstanding any provision of section 218 of the Social Security Act, the agreements with the States of North Dakota and Iowa entered into pursuant to such section may, at the option of the State, be modified so as to exclude service performed in any calendar quarter in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university and if the remuneration for such service is less than $50. Any modification of either of such agreements pursuant to this Act shall be effective with respect to services performed after an effective date specified in such modification, except that*

*such date shall not be earlier than the date of enactment of this Act.*

(469) *QUALIFICATION OF CHILDREN NOT QUALIFIED UNDER STATE LAW*

*SEC. 340. (a) Section 216(h) of the Social Security Act is amended by adding at the end thereof the following new paragraph:*

*"(3) An applicant who is the son or daughter of a fully or currently insured individual, but who is not (and is not deemed to be) the child of such insured individual under paragraph (2), shall nevertheless be deemed to be the child of such insured individual if:*

*"(A) in the case of an insured individual entitled to old-age insurance benefits (who was not, in the month preceding such entitlement, entitled to disability insurance benefits)—*

*"(i) such insured individual—*

*"(I) has acknowledged in writing that the applicant is his son or daughter,*

*"(II) has been decreed by a court to be the father of the applicant, or*

*"(III) has been ordered by a court to contribute to the support of the applicant because the applicant is his son or daughter,*

*and such acknowledgment, court decree, or court order was made not less than one year before such insured individual became entitled to old-age insurance benefits or attained age 65, whichever is earlier; or*

*"(ii) such insured individual is shown by evidence satisfactory to the Secretary to be the father of the applicant and was living with or contributing to the support of the applicant at the time such insured individual became entitled to benefits or attained age 65, whichever first occurred;*

*"(B) in the case of an insured individual entitled to disability insurance benefits, or who was entitled to such benefits in the month preceding the first month for which he was entitled to old-age insurance benefits—*

*"(i) such insured individual—*

*"(I) has acknowledged in writing that the applicant is his son or daughter,*

*"(II) has been decreed by a court to be the father of the applicant, or*

*"(III) has been ordered by a court to contribute to the support of the applicant because the applicant is his son or daughter,*

*and such acknowledgment, court decree, or court order was made before such insured individual's most recent period of disability began; or*

*"(ii) such insured individual is shown by evidence satisfactory to the Secretary to be the father of the applicant and was living with or contributing to the support of that applicant at the time such period of disability began;*

*"(C) in the case of a deceased individual—*

*"(i) such insured individual—*

*"(I) had acknowledged in writing that the applicant is his son or daughter,*

*"(II) had been decreed by a court to be the father of the applicant, or*

*"(III) had been ordered by a court to contribute to the support of the applicant because the applicant was his son or daughter,*

*and such acknowledgment, court decree, or court order was made before the death of such insured individual, or*

*"(ii) such insured individual is shown by evidence satisfactory to the Secretary to have been the father of the applicant, and such insured individual was living with or contributing to the support of*

*the applicant at the time such insured individual died."*

*(b) Section 202(d) of such Act is amended by inserting after "216(h)(2)(B)" the following: "or section 216(h)(3)".*

*(c) The amendments made by subsections (a) and (b) shall be applicable with respect to monthly insurance benefits under title II of the Social Security Act beginning with the second month following the month in which this Act is enacted but only on the basis of an application filed in or after the month in which this Act is enacted.*

(470) *EMPLOYEES OF MEMBERS OF AFFILIATED GROUP OF CORPORATIONS*

*SEC. 341. (a) Paragraph (1) of section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "If during any calendar year an employer which is a member of an affiliated group (as defined in section 1504(a), but determined without regard to sections 1504 (b) and (c)) employs an individual who during such calendar year, and prior to the employment of such individual by such member, was an employee of another member of such affiliated group, then, for the purpose of determining whether such*

*member has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $6,600 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such other member of such affiliated group during such calendar year, and prior to the employment of such individual by such member, shall be considered as having been paid by such member;".*

*(b) The amendment made by subsection (a) shall apply only with respect to remuneration paid after 1965.*

(471) *REDUCED OLD-AGE BENEFITS, WIFE'S BENEFITS, HUSBAND'S BENEFITS, WIDOWER'S BENEFITS, PARENT'S BENEFITS AT AGE 60*

*SEC. 342. (a)(1) Paragraph (1)(B) of section 202 (f) of the Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".*

*(2) Paragraph (3) of such section (as amended by section 333(b)(2) of this Act) is amended by inserting "and in subsection (q)" after "(5)".*

*(3) Paragraph (5) of such section (as amended by section 333(b)(1) of this Act) is amended by striking out "62" and inserting in lieu thereof "60".*

*(b)(1) Paragraph (1)(A) of section 202(h) of the Social Security Act is amended by striking out "62" and inserting in lieu thereof "60".*

*(2) Paragraph (2)(A) of such section is amended by inserting "and in subsection (q)" after "(C)".*

*(3) Paragraph (2)(B) of such section is amended by inserting "and in subsection (q)" after "(C)".*

*(c) The heading of section 202(q) of such Act (as amended by section 304(b) of this Act is amended to read as follows: REDUCTION OF OLD-AGE, DISABILITY, WIFE'S, HUSBAND'S, WIDOW'S, WIDOWER'S, OR PARENT'S, INSURANCE BENEFIT AMOUNTS".*

*(d)(1) Paragraph (1) of section 202(q) of the Social Security Act (as amended by section 307(b)(1) of this Act) is amended by striking out "or widow's" each place it appears and inserting in lieu thereof ", widow's, widower's, or parent's".*

*(2)(A) Paragraph (3) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" each place it appears and inserting in lieu thereof ", widow's, widower's, or parent's".*

*(B) Such paragraph is further amended by striking out "a widow's" each place it appears and inserting in lieu thereof "a widow's, widower's, or parent's".*

*(C) Such paragraph is further amended by striking out*

*"such widow's" each place it appears and inserting in lieu thereof "such widow's, widower's, or parent's".*

*(D) Such paragraph is further amended by striking out "she" each place it appears and inserting in lieu thereof "he".*

*(E) Such paragraph is further amended by striking out "the age of 62" in subparagraphs (F) and (G) and inserting in lieu thereof "the age of 60".*

*(3) Paragraph (6) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow" and inserting in lieu thereof "widow's, widower's, or parent's".*

*(4)(A) Paragraph (7) of such section 202(q) (as amended by sections 304 and 307 of this Act) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, widower's, or parent's".*

*(B) Clause (E) of such paragraph (7) is amended by striking out "widow's" and inserting in lieu thereof "widow's, widower's, or parent's"; by striking out "she" each place it appears and inserting in lieu thereof "he"; and by striking out "her" and inserting in lieu thereof "his".*

*(5) Paragraph (9) of such section (as amended by section 307(b)(8)) is amended by striking out "a widow's" and inserting in lieu thereof "a widow's, widower's, or parent's".*

*(e)(1) Clause (A) of the first sentence of section*

*215(b)(3) of the Social Security Act (as amended by section 302(a)(2) of this Act) is amended to read as follows:*

*"(A) in the case of a woman who has died, the year in which she died or, if it occurred earlier but after 1960, the year in which she attained age 62,".*

*(2) Such first sentence is further amended by redesignating clauses (B) and (C) as clauses (C) and (D), respectively, and by inserting after clause (A) the following new clause:*

*"(B) in the case of a woman who has not died, the year occurring after 1960 in which she attained (or would attain) age 62,".*

*(f) Paragraph (2) of section 202(a) of the Social Security Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(g) Subparagraphs (B), (H), and (J) of paragraph (1) of section 202(b) of such Act (as amended by section 308(a) of this Act) are each amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(h)(1) Paragraph (1)(B) of section 202(c) of the Social Security Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".*

*(2) Paragraph (2)(A) of such section is amended by striking out "age 62" and inserting in lieu thereof "age 60",*

*(i) Paragraph (3)(A) of section 202(q) of such Act*

*(as amended by sections 304 and 307 of this Act) is amended by striking out "age 62 (in the case of a wife's or husband's insurance benefit) or age 60 (in the case of a widow's, widower's, or parent's benefit)" and inserting in lieu thereof "age 60".*

*(j)(1)(A) The heading of subsection (r) of section 202 of the Social Security Act is amended by striking out "or Husband's" and inserting in lieu thereof ", Husband's, Widow's, Widower's, or Parent's".*

*(B) Such subsection is amended by striking out "or husband's" each place it appears therein and inserting in lieu thereof ", husband's, widow's, widower's, or parent's".*

*(2) Paragraph (3) of section 202(q) of such Act (as amended by sections 304 and 307 of this Act) is further amended by striking out subparagraph (E) and redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.*

*(k) The amendments made by this section shall apply with respect to monthly insurance benefits under section 202 of the Social Security Act for and after the second month following the month in which this Act is enacted, but only on the basis of applications filed in or after the month in which this Act is enacted.*

(472) *DISCLOSURE, UNDER CERTAIN CIRCUMSTANCES, TO COURTS AND INTERESTED WELFARE AGENCIES OF WHEREABOUTS OF INDIVIDUALS*

*SEC. 343. Section 1106 of the Social Security Act is amended by adding at the end thereof the following new subsection:*

*"(c) Upon the request of the welfare agency of a State or a political subdivision thereof, or of a court of competent jurisdiction, the Secretary of Health, Education, and Welfare shall disclose promptly the most recent address contained in the files of the Department of Health, Education, and Welfare for any individual who is certified by such agency or court as failing, without lawful excuse, to provide for the support and maintenance (1) of his wife in destitute or necessitous circumstances, or (2) of his or her minor child or children under the age of 16 in destitute or necessitous circumstances. Such disclosure shall be made only if the request is made by the agency or court on behalf of such wife or such child or children; and the address so obtained shall be used by the agency or court only on their behalf. The provisions of subsection (a) with respect to penalties for unauthorized disclosure, and the provisions of subsection (b) with respect to payments for the cost of obtaining informa-*

*tion, shall (under such regulations as the Secretary of Health, Education, and Welfare shall prescribe) apply to the disclosure of any address under this subsection."*

(473) *ADDITIONAL PERIOD FOR FILING OF MINISTERS CERTIFICATES*

*SEC. 344. (a) Clause (B) of section 1402(e)(2) of the Internal Revenue Code of 1954 (relating to time for filing waiver certificate by ministers, members of religious orders, and Christian Science practitioners) is amended by striking out "his second taxable year ending after 1962" and inserting in lieu thereof "his second taxable year ending after 1963".*

*(b) Section 1402(e)(3) of such Code (relating to effective date of certificate) is amended by adding at the end thereof the following new subparagraph:*

*"(D) Notwithstanding the first sentence of subparagraph (A), if an individual files a certificate after the date of the enactment of this subparagraph and on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1963, such certificate shall be effective for his first taxable year ending after 1962 and all succeeding years."*

*(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to certificates filed pur-*

*suant to section 1402(e) of the Internal Revenue Code of 1954 after the date of the enactment of this Act; except that no monthly benefits under title II of the Social Security Act for the month in which this Act is enacted or any prior month shall be payable or increased by reason of such amendments.*

(474) *INTERRELATIONSHIP BETWEEN VETERANS' BENEFITS AND INCREASED SOCIAL SECURITY BENEFITS*

*SEC. 345. (a) Section 503 of title 38, United States Code, is amended by inserting "(a)" after "503", and by adding at the end thereof the following:*

*"(b) Notwithstanding the provisions of subsection (a), in the case of any individual—*

*"(1) who, for the first month after the month in which the Social Security Amendments of 1965 is enacted, is entitled to a monthly insurance benefit payable under section 202 or 223 of the Social Security Act,*

*"(2) who, for such month, is entitled to a monthly benefit payable under the provisions of this chapter, or under the first sentence of section 9(b) of the Veterans' Pension Act of 1959, and*

*"(3) whose insurance benefit referred to in clause (1) for any subsequent month is increased by reason of the enactment of the Social Security Amendments of 1965,*

*there shall not be counted, in determining the annual income of such individual, so much of the insurance benefit referred to in clause (1) for any subsequent month as is equal to the amount by which such insurance benefit is increased by reason of the enactment of the Social Security Amendments of 1965."*

(475) *RECTIFYING ERROR IN INTERPRETING LAW WITH RESPECT TO CERTAIN SCHOOL EMPLOYEES IN ALASKA*

*SEC. 346. For purposes of the agreement under section 218 of the Social Security Act entered into by the State of Alaska, or its predecessor the Territory of Alaska, where employees of an integral unit of a political subdivision of the State or Territory of Alaska have in good faith been included under the State or Territory's agreement as a coverage group on the basis that such integral unit of a political subdivision was a political subdivision, then such unit of the political subdivision shall, for purposes of section 218(b)(2) of such Act, be deemed to be a political subdivision, and employees performing services within such unit shall be deemed to be a coverage group, effective with the effective date specified in such agreement or modification of such agreement with respect to such coverage group and ending with the last day of the year in which this Act is enacted.*

(476) *CONTINUATION OF CHILD'S INSURANCE BENEFITS AFTER ADOPTION BY BROTHER OR SISTER*

*SEC. 347. (a) Section 202(d)(1)(D) of the Social Security Act (as amended by section 306(b) of this Act) is further amended by striking out "or uncle" and inserting in lieu thereof "uncle, brother, or sister".*

*(b) The amendment made by subsection (a) shall apply only with respect to monthly insurance benefits under title II of the Social Security Act for months after the month in which this Act is enacted; except that, in the case of an individual who was not entitled to child's insurance benefits under section 202(d) of such Act for the month in which this Act was enacted, such amendment shall apply only on the basis of an application filed in or after the month in which this Act is enacted.*

(477) *DISABILITY INSURANCE BENEFITS FOR THE BLIND; SPECIAL PROVISIONS*

*SEC. 348. (a)(1) Section 223(a)(1)(B) of the Social Security Act is amended to read as follows:*

*"(B) in the case of any individual other than an individual whose disability is blindness (as defined in subsection (c)(2)), has not attained the age of 65,".*

*(2) That part of paragraph (2) of section 223(a) of*

*such Act which precedes subparagraph (A) thereof is amended by inserting immediately after "(if a man)" the following: ", and, in the case of any individual whose disability is blindness (as defined in subsection (c)(2)), as though he were a fully insured individual,".*

*(b)(1) Paragraph (1) of subsection (c) of section 223 of such Act is amended—*

*(1) by inserting "(other than an individual whose disability is blindness, as defined in paragraph (2))" after "An individual"; and*

*(2) by adding at the end thereof (after and below subparagraph (B)) the following new sentence: "An individual whose disability is blindness (as defined in paragraph (2)) shall be insured for disability insurance benefits in any month if he had not less than six quarters of coverage before the quarter in which such month occurs."*

*(2) Paragraph (2) of subsection (c) of section 223 of such Act (as amended by section 303(a)(2) of this Act) is further amended by striking out the first sentence and inserting in lieu thereof the following: "The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment or (B) blindness. The term 'blindness' means central visual acuity of 20/200 or less*

*in the better eye with the use of correcting lenses, or visual acuity greater than 20/200 if accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than twenty degrees."*

*(c) Paragraph (1)(B) of subsection (d) of section 223 of such Act (added by section 303(c) of this Act) is amended by striking out "the month in which he attains age 65" and inserting in lieu thereof "in the case of any individual other than an individual whose disability is blindness (as defined in subsection (c)(2)), the month in which he attains age 65".*

*(d)(1) The first sentence of section 216(i)(1) of such Act (as amended by section 303(a)(1) of this Act) is further amended by striking out "(B)" and all that follows, and inserting in lieu thereof the following: "(B) blindness (as defined in section 223(c)(2))."*

*(2) The second sentence of such section 216(i)(1) is repealed.*

*(e) The first sentence of section 222(b)(1) of such Act is amended by inserting "(other than such an individual whose disability is blindness, as defined in section 223(c)(2))" after "an individual entitled to disability insurance benefits".*

*(f) The amendments made by this section shall apply only with respect to monthly benefits under title II of the Social Security Act for months after the second month following the month in which this Act is enacted, on the basis of applications for such benefits filed in or after such second month.*

## TITLE IV—PUBLIC ASSISTANCE AMENDMENTS

### INCREASED FEDERAL PAYMENTS UNDER PUBLIC ASSISTANCE TITLES OF THE SOCIAL SECURITY ACT

SEC. 401. (a) Section 3 (a) (1) of the Social Security Act is amended (1) by striking out, in so much thereof as precedes clause (A), "during such quarter" and inserting in lieu thereof "during each month of such quarter"; (2) by striking out, in clause (A), "29/35", "any month", and "$35" and inserting in lieu thereof "31/37", "such month", and "$37", respectively; and (3) by striking out clauses (B) and (C) and inserting in lieu thereof the following:

"(B) the larger of the following:

"(i) (I) the Federal percentage (as defined in section 1101 (a) (8)) of the amount by which such expenditures exceed the amount which may be counted under clause (A), not counting so much of such excess with respect to such month as exceeds the product of $38 multiplied by the total number of recipients of old-age assistance for such month,

plus (II) 15 per centum of the total expended during such month as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of such expenditure with respect to such month as exceeds the product of $15 multiplied by the total number of recipients of old-age assistance for such month, or

"(ii) (I) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditures with respect to such month as exceeds (a) the product of $52 multiplied by the total number of such recipients of old-age assistance for such month, or (b) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of $37 multiplied by such total number of such recipients, plus (II) the Federal percentage of the amount by which the total expended during such month as old-age assistance under the State plan exceeds the amount which may be counted under clause (A) and the preceding provisions of this clause (B) (ii), not

counting so much of such excess with respect to such month as exceeds the product of $38 multiplied by the total number of such recipients of old-age assistance for such month;".

(b) Section 1603 (a) (1) of such Act is amended (1) by striking out, in so much thereof as precedes clause (A), "during such quarter" and inserting in lieu thereof "during each month of such quarter"; (2) by striking out, in clause (A), "29/35", "any month", and "$35" and inserting in lieu thereof "31/37", "such month", and "$37", respectively; and (3) by striking out clauses (B) and (C) and inserting in lieu thereof the following:

"(B) the larger of the following:

"(i) (I) the Federal percentage (as defined in section 1101 (a) (8)) of the amount by which such expenditures exceed the amount which may be counted under clause (A), not counting so much of such excess with respect to such month as exceeds the product of $38 multiplied by the total number of recipients of aid to the aged, blind, or disabled for such month, plus (II) 15 per centum of the total expended during such month as aid to the aged, blind, or disabled under the State plan in the form of medical or any other type of remedial care, not counting so much of such expenditure with

respect to such month as exceeds the product of $15 multiplied by the total number of recipients of aid to the aged, blind, or disabled for such month, or

"(ii) (I) the Federal medical percentage (as defined in section 6(c)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditures with respect to such month as exceeds (a) the product of $52 multiplied by the total number of such recipients of aid to the aged, blind, or disabled for such month, or (b) if smaller, the total expended as aid to the aged, blind, or disabled in the form of medical or any other type of remedial care with respect to such month plus the product of $37 multiplied by such total number of such recipients, plus (II) the Federal percentage of the amount by which the total expended during such month as aid to the aged, blind, or disabled under the State plan exceeds the amount which may be counted under clause (A) and the preceding provisions of this clause (B) (ii), not counting so much of such excess with respect to such month as exceeds the product of $38 multiplied by the total number of such recipients of aid to the aged, blind, or disabled for such month;".

(c) Section 403 (a) (1) of such Act is amended (1) by striking out "fourteen-seventeenths" and "$17" in clause (A) and inserting in lieu thereof "five-sixths" and "$18", respectively; and (2) by striking out "$30" in clause (B) and inserting in lieu thereof "$32".

(d) Section 1003 (a) (1) of such Act is amended (1) by striking out, in clause (A), "29/35" and "$35" and inserting in lieu thereof "31/37" and "$37", respectively; and (2) by striking out, in clause (B), "$70" and inserting in lieu thereof "$75".

(e) Section 1403 (a) (1) of such Act is amended (1) by striking out, in clause (A), "29/35" and "$35" and inserting in lieu thereof "31/37" and "$37", respectively; and (2) by striking out, in clause (B), "$70" and inserting in lieu thereof "$75".

(f) The amendments made by this section shall apply in the case of expenditures made after (478) ~~December 31~~ *June 30,* 1965, under a State plan approved under title I, IV, X, XIV, or XVI of the Social Security Act.

PROTECTIVE PAYMENTS

SEC. 402. (a) Section 6 (a) of the Social Security Act (as amended by section 221 of this Act) is amended by adding at the end thereof the following new sentence: "Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but

which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 2 includes provision for—

"(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such assistance through payments described in this sentence;

"(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of old-age assistance to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;

"(4) periodic review by such State agency of the

determination under paragraph (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and

"(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made."

(b) Section 1605 (a) of such Act (as amended by section 221 of this Act) is amended by adding at the end thereof (after and below paragraph (2)) the following new sentence:

"Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that such needy individual has, by reason of his physical or mental

condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, or disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(C) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;

"(D) periodic review by such State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and

"(E) opportunity for a fair hearing before the State

agency on the determination referred to in clause (A) for any individual with respect to whom it is made."

(479) *(c) Section 1006 of the Social Security Act (as amended by section 221 of this Act) is amended by adding at the end thereof the following new sentence: "Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1002 includes provision for—*

*"(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;*

*"(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the blind to be paid (and in conjunction with other income and resources), meet all the*

*need of the individuals with respect to whom such payments are made;*

*"(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;*

*"(4) periodic review by such State agency of the determination under paragraph (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and*

*"(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made."*

(480) *(d) Section 1405 of the Social Security Act (as amended by section 221 of this Act) is amended by adding at the end thereof the following new sentence: "Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the*

*Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1402 includes provision for—*

*"(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;*

*"(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the permanently and totally disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;*

*"(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;*

*"(4) periodic review by such State agency of the determination under paragraph (1) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not*

*and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that such action will best serve the interests of such needy individual; and*

*"(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) for any individual with respect to whom it is made."*

(481) ~~(c)~~ *(c)* The amendments made by this section shall apply in the case of expenditures made after December 31, 1965, under a State plan approved under title I (482), *X, XIV*, or XVI of the Social Security Act.

DISREGARDING CERTAIN EARNINGS IN DETERMINING NEED UNDER ASSISTANCE PROGRAMS FOR THE AGED, (483)*BLIND, AND DISABLED*

SEC. 403. (a) Effective (484)~~January 1, 1966~~ *October 1, 1965*, section 2(a)(10)(A) of the Social Security Act is amended b ystriking out "; except that, in making such determination, of the first $50 per month of earned income the State agency may disregard, after December 31, 1962, not more than the first $10 thereof plus one-half of the remainder" and inserting in lieu thereof the following: "; except that, in making such determination, (485)~~of the first $80 per month of earned income~~ *(i) the State agency may disregard not more than $7 per month of any income and (ii) of the first $80 per month of additional income which*

*is earned* the State agency may disregard not more than the first $20 thereof plus one-half of the remainder".

(486) *(b) Effective October 1, 1965, section 402(a)(7) of the Social Security Act (as amended by section 411 of this Act) is further amended by inserting before the semicolon at the end thereof the following: ", and (C) the State agency may, before disregarding the amount referred to in clauses (A) and (B), disregard not more than $7 of any income".*

*(c) Effective October 1, 1965, section 1002(a)(8) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: ", and (C) may, before disregarding the amounts referred to in clauses (A) and (B), disregard not more than $7 of any income".*

(487) ~~(b) Effective January 1, 1966, section 1602(a)(14) of such Act is amended by striking out "of the first $50 per month of earned income the State agency may, after December 31, 1962, disregard not more than the first $10 thereof plus one-half of the remainder" and inserting in lieu thereof the following: "of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder".~~

*(d) Effective October 1, 1965, section 1402(a)(8) of such Act is amended by inserting after the semicolon at the end thereof the following: "except that, in making such determination, (A) the State agency may disregard not more*

*than $7 of any income, (B) of the first $80 per month of additional income which is earned the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and (C) the State agency may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of an individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan, but only with respect to the part or parts of such period during substantially all of which he is actually undergoing vocational rehabilitation;".*

(488) *(e) Effective October 1, 1965, section 1602(a)(14) of such Act is amended to read as follows:*

*"(14) provide that the State agency shall, in determining need for aid to the aged, blind, or disabled, take into consideration any other income and resources of an individual claiming such aid, as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—*

*"(A) if such individual is blind, the State agency (i) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (ii) shall, for a period not in excess of 12 months, and may, for a period*

*not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan,*

*"(B) if such individual is not blind but is permanently and totally disabled, (i) of the first $80 per month of earned income, the State agency may disregard not more than the first $20 thereof plus one-half of the remainder, and (ii) the State agency may, for a period not in excess of 36 months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan, but only with respect to the part or parts of such period during substantially all of which he is actually undergoing vocational rehabilitation,*

*"(C) if such individual has attained age 65 and is neither blind nor permanently and totally disabled, of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder; and*

*"(D) the State agency may, before disregarding*

*the amounts referred to above in this paragraph (14), disregard not more than $7 of any income; and".*

ADMINISTRATIVE AND JUDICIAL REVIEW OF PUBLIC ASSISTANCE DETERMINATIONS

SEC. 404. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"ADMINISTRATIVE AND JUDICIAL REVIEW OF CERTAIN ADMINISTRATIVE DETERMINATIONS

"SEC. 1116. (a) (1) Whenever a State plan is submitted to the Secretary by a State for approval under title I, IV, X, XIV, XVI, or XIX, he shall, not later than 90 days after the date the plan is submitted to him, make a determination as to whether it conforms to the requirements for approval under such title. The 90-day period provided herein may be extended by written agreement of the Secretary and the affected State.

"(2) Any State dissatisfied with a determination of the Secretary under paragraph (1) with respect to any plan may, within 60 days after it has been notified of such determination, file a petition with the Secretary for reconsideration of the issue of whether such plan conforms to the requirements for approval under such title. (489) ~~Upon~~ *Within 30 days after* receipt of such a petition, the Secretary

shall notify the State of the time and place at which a hearing will be held for the purpose of reconsidering such issue. Such hearing shall be held not less than 20 days nor more than 60 days after the date notice of such hearing is furnished to such State, unless the Secretary and such State agree in writing to holding the hearing at another time. The Secretary shall affirm, modify, or reverse his original determination within 60 days of the conclusion of the hearing.

"(3) Any State which is dissatisfied with a final determination made by the Secretary on such a reconsideration or a final determination of the Secretary under section 4, 404, 1004, 1404, 1604, or 1904 may, within 60 days after (490) ~~notice~~ *it has been notified* of such determination, file with the United States court of appeals for the circuit in which such State is located a petition for review of such determination. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his determination as provided in section 2112 of title 28, United States Code.

"(4) The findings of fact by the Secretary, (491) ~~unless substantially contrary to the weight of the evidence~~ *if supported by substantial evidence,* shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may there-

upon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive (492) ~~unless substantially contrary to the weight of the evidence~~ *if supported by substantial evidence.*

"(5) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"(b) For the purposes of subsection (a), any amendment of a State plan approved under title I, IV, X, XIV, XVI, or XIX may, at the option of the State, be treated as the submission of a new State plan.

"(c) Action pursuant to an initial determination of the Secretary described in subsection (a) (493) ~~or (b)~~ shall not be stayed pending reconsideration, but in the event that the Secretary subsequently determines that his initial determination was incorrect he shall certify restitution forthwith in a lump sum of any funds incorrectly withheld or otherwise denied.

"(d) Whenever the Secretary determines that any item

or class of items on account of which Federal financial participation is claimed under title I, IV, X, XIV, XVI, or XIX shall be disallowed for such participation, the State shall be entitled to and upon request shall receive a reconsideration of the disallowance."

(b) The amendment made by subsection (a) shall apply only with respect to determinations made after December 31, 1965.

MAINTENANCE OF STATE PUBLIC ASSISTANCE EXPENDITURES

SEC. 405. Title XI of the Social Security Act is amended by adding at the end thereof (after the new section 1116 added by section 404 of this Act) the following new section:

"MAINTENANCE OF STATE EFFORT

"SEC. 1117. (a) The total of the amounts determined under sections 3, 403, 1003, 1403, 1603, and 1903 for any State for any quarter beginning after December 31, 1965, and ending before July 1, 1969, shall be reduced to the extent that—

"(1) the excess of (A) the total of the amounts determined for the State under sections 3, 403, 1003, 1403, 1603, and 1903 for such quarter over (B) the total of the amounts determined for the State under sections 3, 403, 1003, 1403, and 1603 for the same quarter

of the fiscal year ending June 30, 1965, is greater than

"(2) the excess of (A) the total of the expenditures for such quarter (for which the determination is being made) under the plans of the State approved under titles I, IV, X, XIV, XVI, and XIX over (B) the total of the expenditures under the State plans of the State approved under titles I, IV, X, XIV, and XVI for the same quarter of the fiscal year ending June 30, 1965;

except that, at the option of the State, any of the following may be substituted (with respect to the quarters of any fiscal year) for the amount determined as provided in paragraph (1) (B)—

"(3) the total of the amounts determined for the State under sections 3, 403, 1003, 1403, and 1603 for the same quarter in the fiscal year ending June 30, 1964; or

"(4) the average of the totals determined for the State under sections 3, 403, 1003, 1403, and 1603 for each quarter in the fiscal year ending June 30, 1964, or June 30, 1965.

If the substitution of the total referred to in paragraph (3) is chosen by the State, there shall be substituted for the amount determined under clause (B) of paragraph (2) the total of the expenditures under the plans of the State

approved under titles I, IV, X, XIV, and XVI for the quarter referred to in such paragraph (3). If the substitution of the average for either of the years referred to in paragraph (4) is chosen by the State, there shall be substituted for the amount determined under clause (B) of paragraph (2) the average of the total expenditures under the plans of the State approved under titles I, IV, X, XIV, and XVI for each quarter in the same fiscal year.

"(b) For purposes of this section, expenditures under the plans of any State approved under titles I, IV, X, XIV, XVI, and XIX and the reduction determined with respect thereto under this section, shall be determined on the basis of data furnished by the State in the quarterly reports submitted by the State to the Secretary pursuant to and in accordance with the requirements of the Secretary under title I, IV, X, XIV, XVI, or XIX; and determinations so made shall be conclusive for purposes of this section.

"(c) If a reduction is required under the preceding provisions of this section in the total of the amounts determined for a State under sections 3, 403, 1003, 1403, 1603, and 1903 for any quarter, the Secretary shall determine which of such amounts shall be reduced and the extent thereof in such manner as in his judgment will best carry out the purpose of maintaining State effort under the Federal-State public assistance programs of the State, and with the

total of such reductions to be equal to the reduction required under subsections (a) and (b) of this section."

DISREGARDING OASDI BENEFIT INCREASE, AND CHILD'S INSURANCE BENEFIT PAYMENTS BEYOND AGE 18, TO THE EXTENT ATTRIBUTABLE TO RETROACTIVE EFFECTIVE DATE

SEC. 406. Notwithstanding the provisions of sections 2(a)(10) (494) *and (11)(D)*, 402(a)(7), 1002(a)(8), 1402(a)(8), and 1602(a) (495) *(13) and* (14) of the Social Security Act, a State may disregard, in determining need for aid or assistance under a State plan approved under title I, IV, X, XIV, or XVI of such (496) ~~Act, any amount paid to any individual under title II of such Act, for months prior to the month in which payment of such amount is received, to the extent that such payment is~~ *Act, any amount paid to any individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of section 326(a) of this Act), for any one or more months which occur after December 1964 and before the third month following the month in which this Act is enacted, to the extent that such payment is* attributable—

(1) to the increase in monthly insurance benefits under the old-age, survivors, and disability insurance system resulting from the enactment of section 301 of this Act, or

(2) to the payment of child's insurance benefits under such system after attainment of age 18, in the case of individuals attending school, resulting from the enactment of section 306 of this Act.

EXTENSION OF GRACE PERIOD FOR DISREGARDING CERTAIN INCOME FOR STATES WHERE LEGISLATURE HAS NOT MET IN REGULAR SESSION

SEC. 407. Notwithstanding the provisions of section 701 of the Economic Opportunity Act of 1964, no funds to which a State is otherwise entitled under title I, IV, X, XIV, XVI, or XIX of the Social Security Act for any period before the first month beginning after the adjournment of a State's first regular legislative session which adjourns after August 20, 1964 (the date of enactment of the Economic Opportunity Act of 1964), shall be withheld by reason of any action taken pursuant to a State statute which prevents such State from complying with the requirements of subsection (a) of such section 701.

~~(497) TECHNICAL AMENDMENTS TO ELIMINATE PUBLIC ASSISTANCE PROVISIONS WHICH BECOME OBSOLETE IN 1967~~

~~SEC. 408. (a) Except as provided in subsection (i) (2), the amendments made by this section shall become effective July 1, 1967.~~

~~(b) (1) The heading of title I of the Social Security~~

Act is amended by striking out "AND MEDICAL AS-SISTANCE FOR THE AGED".

(2) The first sentence of section 1 of such Act is amended to read as follows: "For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals, and (b) of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help such individuals to attain or retain capability for self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(3) The second sentence of section 1 of such Act is amended by striking out ", or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged".

(4) The heading of section 2 of such Act is amended by striking out "AND MEDICAL".

(5) So much of section 2(a) of such Act as precedes paragraph (1) is amended by striking out ", or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged".

(6) Section 2(a)(9) of such Act is amended by striking out "assistance for or on behalf of" and inserting in lieu thereof "assistance to".

(7) Section 2(a) of such Act is further amended by striking out paragraphs (10) and (11) and inserting in lieu thereof the following:

"(10) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming such assistance, as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination, of the first $80 per month of earned income the State agency may disregard not more than the first $20 thereof plus one-half of the remainder;

"(11) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of assistance under the plan;

"(12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of assistance under the plan to help them attain self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;".

(8) Section 2(a) of such Act is further amended by redesignating paragraphs (12) and (13) as paragraphs (13) and (14), respectively; and—

(A) the paragraph so redesignated as paragraph (13) is amended—

(i) by striking out "or in behalf of" in the matter preceding clause (A), and

(ii) by striking out "section 3(a)(4)(A)(i) and (ii)" in clause (C) and inserting in lieu thereof "section 3(a)(3)(A)(i) and (ii)"; and

(B) the paragraph so redesignated as paragraph (14) is amended by striking out "or in behalf of".

(9) Section 2(b)(2) of such Act is amended by striking out "(A) in the case of applicants for old-age assistance", and by striking out ", and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State".

(10) Section 2(c) of such Act is repealed.

(11) So much of section 3(a)(1) of such Act as precedes clause (A) is amended by striking out "during each month of such quarter" and inserting in lieu thereof "during such quarter", and by striking out "(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)".

(12) Section 3(a)(1)(A) of such Act is amended

by striking out "such month" where it first appears and inserting in lieu thereof "any month", and by striking out "(which total number" and all that follows and inserting in lieu thereof "; plus".

(13) Section 3(a)(1)(B) of such Act is amended to read as follows:

"(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $75 multiplied by the total number of such recipients of old-age assistance for such month;".

(14) Section 3(a)(2) of such Act is amended to read as follows:

"(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of any expenditure with respect to any month as exceeds $37.50 multiplied by the total number of recipients of old-age assistance for such month;".

(15) Section 3(a)(3) of such Act is repealed.

(16) Section 3(a)(4) of such Act is redesignated as section 3(a)(3).

(17) Section 3(a)(5) of such Act is redesignated as section 3(a)(4), and as so redesignated is amended by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)".

(18) Section 3(c) of such Act is amended by striking out "paragraph (4)" each place it appears and inserting in lieu thereof "paragraph (3)", and by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)".

(19) The heading of section 6 of such Act is amended by striking out "Definitions" and inserting in lieu thereof "Definition".

(20) The first sentence of section 6(a) of such Act (as amended by this Act) is amended—

(A) by striking out "(a)",

(B) by striking out ", or (if provided in or after the third month before the month in which the recipient makes application for assistance) medical care in behalf of or any type of remedial care recognized under State law in behalf of,", and

(C) by striking out "or care in behalf of".

(21) Sections 6(b) and 6(c) of such Act are repealed.

(c)(1) So much of section 403(a)(1) of such Act as

~~precedes clause (A) is amended by striking out "(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)".~~

~~(2) Section 403(a)(1)(A) of such act is amended by striking out clauses (i), (ii), and (iii) and inserting in lieu thereof the following: "(i) the number of individuals with respect to whom such aid is paid for such month plus (ii) the number of other individuals with respect to whom payments described in section 406(b)(2) are made in such month and included as expenditures for purposes of this paragraph or paragraph (2))".~~

~~(3) Section 403(a)(2) of such Act is amended by striking out "(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)".~~

~~(4) So much of section 406(b) of such Act as precedes "to meet the needs of the relative" where it first appears is amended to read as follows:~~

~~"(b) The term 'aid to families with dependent children' means money payments with respect to a dependent child or dependent children, and includes (1) money payments".~~

~~(5) Section 409(a) of such Act is amended by striking~~

out "(other than for medical or any other type of remedial care)".

(d)(1) So much of section 1003(a)(1) as precedes clause (A) is amended by striking out "(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)".

(2) Section 1003(1)(A) of such Act is amended by striking out "(which total number" and all that follows and inserting in lieu thereof "; plus".

(3) Section 1003(a)(2) of such Act is amended by striking out "(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof)".

(4) Section 1006 of such Act is amended—

(A) by striking out ", or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of or any type of remedial care recognized under State law in behalf of,", and

(B) by striking out "or care in behalf of".

(e)(1) So much of section 1403(a)(1) of such Act as precedes clause (A) is amended by striking out "(includ-

ing expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof) ".

(2) Section 1403 (a) (1) (A) of such Act is amended by striking out "(which total number" and all that follows and inserting in lieu thereof "; plus".

(3) Section 1403 (a) (2) of such Act is amended by striking out "(including expenditures for insurance premiums for medical or any other type of remedial care or the cost thereof) ".

(4) Section 1405 of such Act is amended—

(A) by striking out ", or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of, or any type of remedial care recognized under State law in behalf of,", and

(B) by striking out "or care in behalf of".

(f) (1) The heading for title XVI of such Act is amended by striking out ", OR FOR SUCH AID AND MEDICAL ASSISTANCE FOR THE AGED".

(2) The first sentence of section 1601 of such Act is amended to read as follows: "For the purpose (a) of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to needy indi-

viduals who are 65 years of age or over, are blind, or are 18 years of age or over and permanently and totally disabled, and (b) of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help such individuals to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(3) The second sentence of section 1601 of such Act is amended by striking out ", or for aid to the aged, blind, or disabled and medical assistance for the aged".

(4) The heading for section 1602 of such Act is amended by striking out ", OR FOR SUCH AID AND MEDICAL ASSISTANCE FOR THE AGED".

(5) So much of section 1602(a) of such Act as precedes paragraph (1) is amended by striking out ", or for aid to the aged, blind, or disabled and medical assistance for the aged,".

(6) Section 1602(a) of such Act is further amended by striking out "or assistance" wherever it appears in paragraphs (4), (8), (10), (11), and (13).

(7) Section 1602(a)(9) of such Act is amended by striking out "aid or assistance to or on behalf of" and inserting in lieu thereof "aid to".

(8) Section 1602(a) of such Act is further amended

by striking out paragraph (15), and by redesignating paragraphs (16) and (17) as paragraphs (15) and (16), respectively; and—

(A) the paragraph so redesignated as paragraph (15) is amended—

(i) by striking out "or in behalf of" in the matter preceding clause (A), and

(ii) by striking out "section 1603(a)(4)(A)(i) and (ii)" in clause (C) and inserting in lieu thereof "section 1603(a)(3)(A)(i) and (ii)"; and

(B) the paragraph so redesignated as paragraph (16) is amended by striking out "or in behalf of".

(9) The last sentence of section 1602(a) of such Act is amended by striking out "(or for aid to the aged, blind, or disabled and medical assistance for the aged)".

(10) Section 1602(b) of such Act is amended—

(A) by striking out "or assistance",

(B) by striking out "(A) in the case of applicants for aid to the aged, blind, or disabled", and

(C) by striking out "; and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State".

(11) The last sentence of section 1602(b) of such Act is amended by striking out "(or for aid to the aged, blind,

or disabled and medical assistance for the aged)" wherever it appears.

(12) Section 1602(c) of such Act is repealed.

(13) So much of section 1603(a)(1) as precedes clause (A) is amended by striking out "during each month of such quarter" and inserting in lieu thereof "during such quarter", and by striking out "(including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)".

(14) Section 1603(a)(1)(A) of such Act is amended by striking out "such month" where it first appears and inserting in lieu thereof "any month", and by striking out "(which total number" and all that follows and inserting in lieu thereof "; plus".

(15) Section 1603(a)(1)(B) of such Act is amended to read as follows:

"(B) the Federal percentage (as defined in section 1101(a)(8)) of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds the product of $75 multiplied by the total

number of recipients of aid to the aged, blind, or disabled for such month;".

(16) Section 1603(a)(2) of such Act is amended to read as follows:

"(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to the aged, blind, or disabled under the State plan, not counting so much of any expenditure with respect to any month as exceeds $37.50 multiplied by the total number of recipients of aid to the aged, blind, or disabled for such month;".

(17) Section 1603(a)(3) of such Act is repealed.

(18) Section 1603(a)(4) of such Act is redesignated as section 1603(a)(3), and as so redesignated is amended by striking out "or assistance" wherever it appears.

(19) Section 1603(a)(5) of such Act is redesignated as section 1603(a)(4), and as so redesignated is amended by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)".

(20) Section 1603(b)(3) of such Act is amended by striking out "or assistance" wherever it appears.

(21) Section 1603(c) of such Act is amended by striking out "paragraph (4)" wherever it appears and inserting

in lieu thereof "paragraph (3)", and by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (4)".

(22) The first sentence of section 1605(a) of such Act (as amended by this Act) is amended—

(A) by striking out "(a)",

(B) by striking out ", or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of or any type of remedial care recognized under State law in behalf of,", and

(C) by striking out "or care in behalf of" each place it appears.

(23) Section 1605(b) of such Act is repealed.

(g)(1) Section 1902(a)(20)(C) of such Act is amended by striking out "section 3(a)(4)(A)(i) and (ii) or section 1603(a)(4)(A)(i) and (ii)" and inserting in lieu thereof "section 3(a)(3)(A)(i) and (ii) or section 1603(a)(3)(A)(i) and (ii)".

(2) Section 1903(a)(3)(A)(i) of such Act is amended by striking out "section 3(a)(4)" and inserting in lieu thereof "section 3(a)(3)".

(h) Section 618 of the Revenue Act of 1951 is amended by striking out "(other than section 3(a)(3) thereof)" and "(other than section 1603(a)(3) thereof)".

(498) *TECHNICAL AMENDMENTS RELATING TO PUBLIC ASSISTANCE PROGRAMS*

(499) ~~(i) (1)~~ *SEC. 408. (a)* Section 1108 of such Act is amended—

(500) ~~(A) by striking out "(other than section 3 (a) (3) thereof)" and "(other than section 1603 (a) (3) thereof)";~~

(501) ~~(B)~~ *(1)* by striking out "$9,800,000, of which $625,000 may be used only for payments certified with respect to section 3 (a) (2) (B) or 1603 (a) (2) (B)" and inserting in lieu thereof "$9,800,000";

(502) ~~(C)~~ *(2)* by striking out "$330,000, of which $18,750 may be used only for payments certified with respect to section 3 (a) (2) (B) or 1603 (a) (2) (B)" and inserting in lieu thereof "$330,000"; and

(503) ~~(D)~~ *(3)* by striking out "$450,000, of which $25,000 may be used only for payments certified with respect to section 3 (a) (2) (B) or 1603 (a) (2) (B)" and inserting in lieu thereof "$450,000".

(504) ~~(2)~~ *(b)* The amendments made by (505) ~~paragraphs (1) (B), (1) (C), and (1) (D)~~ *subsection (a)* shall be effective in the case of Puerto Rico, the Virgin Islands, or Guam with respect to fiscal years beginning on or after the date on which its plan under title XIX of the Social Security Act is

(506) ~~approved, or beginning on or after July 1, 1967, whichever is earlier~~ *approved.*

(507) ~~(j) Section 1109 of such Act is amended by striking out "2(a)(10)(A)" and inserting in lieu thereof "2(a)(10)".~~

(508) ~~(k)(1)~~ *(c)(1)* Section 1112 of such Act is amended by striking out "for the aged".

(2) The heading of section 1112 of such Act is amended by striking out "FOR THE AGED".

(509) ~~(1) Section 1115 of such Act is amended by striking out "or XVI", "or 1602", and "or 1603" and inserting in lieu thereof "XVI, or XIX", "1602, or 1902", and "1603, or 1903", respectively.~~

(510) *OPTOMETRISTS' SERVICES*

*SEC. 409. Notwithstanding any other provisions of the Social Security Act, whenever payment is authorized for services which an optometrist is licensed to perform, the beneficiary shall have the freedom to obtain the services of either a physician skilled in diseases of the eye or an optometrist, whichever he may select.*

(511) *ELIGIBILITY OF CHILDREN OVER AGE 18 ATTENDING SCHOOL*

*SEC. 410. Clause (2)(B) of section 406(a) of the Social Security Act is amended by striking out "attending a*

*high school in pursuance of a course of study leading to a high school diploma or its equivalent," and inserting in lieu thereof "attending a school, college, or university,".*

(512) *DISREGARDING CERTAIN EARNINGS IN DETERMINING NEED OF CERTAIN DEPENDENT CHILDREN*

*SEC. 411. Effective July 1, 1965, so much of clause (7) of section 402(a) of the Social Security Act as follows the first semicolon is amended by inserting after "except that, in making such determination," the following: "(A) the State agency may disregard not more than $50 per month of earned income of each dependent child under the age of 18 but not in excess of three in the same home, and (B)".*

(513) *FEDERAL SHARE OF PUBLIC ASSISTANCE EXPENDITURES*

*SEC. 412. Title XI of the Social Security Act is amended by adding at the end thereof (after section 1117, added by section 405 of this Act), the following new section:*

*"ALTERNATIVE FEDERAL PAYMENT WITH RESPECT TO PUBLIC ASSISTANCE EXPENDITURES*

*"SEC. 1118. (a) In the case of any State which has in effect a plan approved under title XIX for any calendar quarter, the total of the payments to which such State is entitled for such quarter, and for each succeeding quarter in the same fiscal year (which for purposes of this section means the 4 calendar quarters ending with June 30), under para-*

*graphs (1) and (2) of sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a) shall, at the option of the State, be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under each such section, to the expenditures under its State plans approved under titles I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, but without regard to any maximum on the dollar amounts per recipient which may be counted under such sections.*

*"(b) If the Secretary, upon application by any State, finds, with respect to the quarter beginning January 1 or the quarter beginning April 1, 1966, that the medical assistance for the aged and the assistance or aid provided in the form of medical or any other type of remedial care under the plans of such State approved under titles I, IV, X, XIV, and XVI, taken together, substantially meet the objectives and requirements of title XIX, then, with respect to expenditures under such plans during such quarter—*

*"(1) the total of the payments to which such State is entitled under sections 3(a) and 1603(a) (other than paragraphs (4) and (5) thereof) and sections 403(a), 1003(a), and 1403(a) (other than paragraphs (3) and (4) thereof), or*

*"(2) the payments to which it is entitled under such sections (other than such paragraphs) with respect to expenditures as medical assistance for the aged or as aid or assistance in the form of medical or any other type of remedial care,*

*whichever the State may elect for such quarter and (if it is the quarter beginning January 1) the succeeding quarter, shall be determined by application of the Federal medical assistance percentage (as defined in section 1905), instead of the percentages provided under each such section, to—*

*"(3) the expenditures under its State plans approved under titles I, IV, X, XIV, and XVI, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, if the State has elected payment under clause (1), or*

*"(4) the expenditures under such plans, as medical assistance for the aged or as aid or assistance in the form of medical or any other type of remedial care, which would be included in determining the amounts of such payments if the State has elected payment under clause (2);*

*and such determination shall be made without regard to any maximum on the dollar amounts per recipient which may be counted under any of such sections."*

Amend the title so as to read: "An Act to provide a hospital insurance program for the aged under the Social Security Act with a supplementary medical benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes."

Passed the House of Representatives April 8, 1965.

Attest: RALPH R. ROBERTS,
*Clerk.*

Passed the Senate with amendments July 9 (legislative day, July 8), 1965.

Attest: FELTON M. JOHNSTON,
*Secretary.*

89TH CONGRESS
1ST SESSION

# H. R. 6675

# AN ACT

To provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 9 (legislative day, JULY 8), 1965

Ordered to be printed with the amendments of the Senate numbered